
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, before making an [REDACTED] in our H Shares. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. The [REDACTED] of our H Shares may decline due to any of these risks, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The market demand for our products and services will be influenced by economic or industry-wide fluctuations.

The market demand for our products and services will be influenced by economic or industry-wide fluctuations. Our business depends on the overall downstream demand for manufacturing digital and intelligent solution industry, which in turn depends heavily on the financial condition and spending capacity of both our current and prospective customers. Macroeconomic developments, such as economic fluctuations, tightening liquidity or industry-specific changes, may reduce manufacturing activity and compress corporate profitability, leading enterprises to adopt more conservative spending strategies. In such environments, customers may defer, scale back or reprioritize investments in digital and intelligent transformation initiatives, particularly those that are not deemed mission-critical in the near term.

In addition, fluctuations in downstream manufacturing industries and broader industrial cycles may further constrain technology budgets and intensify competitive dynamics within the manufacturing digital and intelligent solution market. This may result in extended sales cycles, increased pricing pressure and lower conversion rates, which could adversely affect our revenue growth and operating performance.

These effects may be more pronounced among small and medium-sized manufacturing enterprises, which typically have more limited financial flexibility and are more sensitive to economic volatility. To the extent that a significant portion of our customer base experiences financial stress or reduces technology spending, demand for our software products may decline, and our business prospects, financial condition and results of operations could be materially and adversely affected.

If the process of enterprise digital and intelligent transformation develops more slowly than we expect, our business, financial conditions and results of operation could be adversely affected.

Our growth depends on the pace and scale at which manufacturing enterprises adopt digital and intelligent solutions. However, such transformation remains uneven across industries and customer segments, and its timing and depth are inherently uncertain. Customers’ adoption may be constrained by implementation complexity, integration challenges with legacy systems, unclear return on investment and organizational resistance to change. In addition, customers may remain at pilot or limited deployment stages for extended periods, delaying large-scale rollouts and reducing expansion opportunities. Market awareness and acceptance of digital and intelligent transformation may also develop more slowly than we anticipate, which could further limit demand for our products. If adoption trends do not develop as expected, or if we fail to align our products with evolving customer needs and technology standards, our growth prospects and operating performance could be materially and adversely affected.

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The market in which we operate is competitive, and if we do not compete effectively, our business prospects, financial conditions and results of operation could be adversely affected.

The global digital and intelligent manufacturing solution industry is highly competitive. We face competition in various aspects of our business, including research and development capabilities, customer services and retention, talents, brand awareness, commercial relationships and financial, technical, marketing and other resources.

Some of our competitors, including global internet companies and enterprise software providers, may possess advantages such as larger scale, stronger brand recognition, greater financial and human resources and more advanced technologies. In addition, incumbent vendors may strengthen their market positions through acquisitions, strategic alliances and product expansion. We also face competition from various cloud-based and on-premises software vendors with overlapping offerings. Competitors may further enhance their capabilities through collaboration or resource integration.

If our competitors introduce products or technologies with broader market acceptance, faster time-to-market or superior functionality, our revenues, market share and growth prospects may be adversely affected. Moreover, aggressive pricing strategies may intensify competition and pressure our pricing. If we fail to maintain competitive pricing amid heightened competition, we may experience reduced sales, margin compression, operating losses or a weakening of our competitive position, which could materially and adversely affect our business, financial condition and results of operations.

Our continuing growth depends on our ability to improve and enhance our products and continuously introduce new products to suit our customers’ evolving needs.

Our software products and their market acceptance are essential to our business success. Our ability to continue to attract and retain customers and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security, and scalability of our software products, as well as our ability to expand our product portfolio by launching new products that address a broader range of customer needs and application scenarios. See “Business — Our Products and Services.”

The digital and intelligent manufacturing solution industry in which we operate is characterized by dynamic industry trends, rapidly evolving technologies, accelerated digital and intelligent transformation across downstream sectors, and continuous product innovation and enhancement. To remain competitive, we must continue to stay abreast of the continuously evolving customers’ demand and preferences, industry trends and rapid technological developments, and timely introduce new products and iterate our existing offerings to maintain a competitive and comprehensive product portfolio. Failure to capture the industry trends could render our products less attractive to customers and limit our business growth.

We have invested and intend to continue investing resources in advanced technologies to enhance our products in different application scenarios. Nevertheless, we may not be able to leverage new technologies effectively or adapt our products to meet customers’ needs or emerging industry standards. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions, whether for technical, legal, financial or other reasons, our business may be materially and adversely affected. Our success will also depend partially on our ability to continuously identify, develop, acquire, protect or license advanced and new technologies that are valuable to our products. Failure to do so could render our existing products obsolete and unappealing, thereby adversely affecting our business prospects.

We may be exposed to the risks of conducting business globally.

Overseas expansion is an important component of our growth strategy. Our revenue from Taiwan and overseas markets was RMB1,073.0 million, RMB1,153.8 million, and RMB1,284.7 million in 2023, 2024 and 2025, respectively, accounting for 48.2%, 49.5%, and 52.8% of our total revenue in the same years, respectively. We have explored and plan to continue exploring market opportunities overseas, where we anticipate substantial demand for our products and services. However, we are subject to additional risks

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that may adversely affect the outcome of our overseas expansions, including but not limited to: (i) adverse tax treatment, additional tax exposure and compliance with diverse tax regimes in overseas jurisdictions; (ii) political, economic and cultural instability in foreign markets, including business interruptions arising from trade tensions, geopolitical conflicts, war and acts of terrorism; (iii) regulatory and legal uncertainties in overseas jurisdictions, including licensing requirements, difficulties in contract enforcement, and compliance with data privacy, employment, immigration and labor laws, as well as reduced protection of intellectual property rights; (iv) trade and market barriers, including tariffs, regulatory restrictions, delays in approvals, and uncertainty in credit period policies affecting commercial arrangements; and (v) exposure to foreign exchange fluctuations and other financial risks arising from operations in multiple currencies.

Moreover, we are subject to the international trade and investment policies, export control regulations, and economic sanctions laws and regulations in the countries and regions where we operate. Any changes in the relevant regulatory environment or the introduction of new regulations may increase the level of scrutiny over our business and raise the costs of our ongoing compliance. In addition, the continued evolution of such policies and regulations may result in our failure to timely adjust our compliance measures, which could adversely affect our business prospects, financial conditions and results of operation.

Fluctuations in exchange rates could adversely affect our results of operations.

We operate across jurisdictions and report our financials in RMB, while a substantial portion of our revenue is generated from our overseas operations, primarily in Taiwan, and denominated in foreign currencies, principally New Taiwan Dollars. Fluctuations in exchange rates between the RMB and such foreign currencies, driven by factors beyond our control, including macroeconomic conditions, monetary policy decisions and geopolitical developments, could materially reduce the RMB value of our overseas revenue and earnings upon consolidation. We may not be able to effectively predict or mitigate the impact of such movements, and we may incur net foreign exchange losses from the revaluation of foreign currency-denominated assets and liabilities. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

Our continuing growth depends on our ability to effectively implement our growth strategies.

During the Track Record Period, we continuously advanced the innovation of our products and services. While our business has grown in the past, we cannot assure you that we are able to sustain our historical growth rate for various reasons, including uncertainty of our continuous launch of new products and services and intensified competition in our industry. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result of these, and other factors, we cannot assure you that our future revenues will increase or that we will achieve and/or subsequently maintain profitability. Accordingly, [REDACTED] should not rely on our historical results as an indication of our future financial or operating performance.

In addition, our anticipated expansion and investment in new products and services may place a significant strain on our managerial, operational, financial, and human resources. Our current and planned personnel, systems, procedures, and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or implement all such systems, procedures and control measures successfully. If we are not able to manage our growth or execute our strategies effectively, our business prospects, financial conditions and results of operation may be materially and adversely affected.

Our continuing success depends on our ability to attract and retain customers.

Our ability to achieve sustainable growth depends on continuously attracting new customers, retaining existing customers and increasing their adoption of, and spending on, our products and services. To do so, we must effectively address the evolving needs of our downstream customers, including digital and intelligent transformation, system integration, automation and operational efficiency requirements. If

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our software products fail to meet these changing demands or deliver sufficient value, customers may reduce usage or select competing providers. Customer retention may also be adversely affected by dissatisfaction with product performance, pricing concerns, implementation difficulties, inadequate customer support, industry consolidation among our customers, or competitive offerings with superior features or pricing.

In addition, our ability to attract new customers depends on market awareness of our products and services, the effectiveness of our sales and marketing efforts, competitive dynamics and overall economic conditions affecting manufacturers’ capital spending. We believe that high-quality customer service and support are critical to onboarding new customers, maintaining long-term relationships and expanding within existing accounts. Accordingly, we have invested significant resources in enhancing our customer service capabilities. However, if we fail to maintain consistently high service standards, customer satisfaction and retention may decline. Furthermore, our ability to attract new customers is highly dependent on our reputation and referrals from existing customers. Any deterioration in service quality or negative market perception could harm our reputation, reduce customer referrals and adversely affect our business, financial condition and results of operations.

Our continuing growth depends on our ability to upgrade our technologies, expand our products and services, and provide successful enhancements that cater to evolving customer needs, keep pace with technological developments and adapt to changes in related laws and regulations, which may require significant investment.

Our businesses operate in industries that are subject to rapid technological advances and constantly shifting customer needs and preferences. To remain competitive and responsive to customer demands, we continually upgrade, enhance, and expand our technologies, products and services, which relies heavily on our ability to maintain strong research and development capabilities, including effectively managing our research and development processes and attracting and retaining qualified research and development personnel. Taking into account our capitalized expenses, the overall research and development investment amounted to RMB336.1 million in 2023, RMB333.4 million in 2024 and RMB343.8 million in 2025.

Such investments are costly and may continue to increase as technologies evolve, particularly in areas such as artificial intelligence, data analytics, system integration and cybersecurity. However, there can be no assurance that our research and development efforts will result in commercially successful products or enhancements, or that they will achieve timely market acceptance. The success of new or enhanced products and services depends on various factors beyond our control, including technological feasibility, development timelines, compatibility with customers’ existing systems, regulatory requirements and competitive dynamics as well as our ability to effectively execute research and development projects and convert research outputs into viable applications.

If we fail to anticipate or respond effectively to technological advancements, changing customer requirements or regulatory developments, or if our research and development capabilities are insufficient to support continuous innovation, or if our investments do not generate expected returns, demand for our products and services may decline, or even become obsolete, and our business, financial condition and results of operations could be materially and adversely affected.

Our introduction and use of AI may not be successful and may present business, compliance and reputational challenges.

We have incorporated, and expect to continue to incorporate, AI and big data capabilities in our digital and intelligent software products, and this incorporation of AI in our business and operations may become more significant over time. However, we may not be successful in developing these innovations or bringing them to market in a timely or effective manner. In addition, as with most emerging technologies, AI comes with its own set of risks and challenges that could affect its adoption and our business. Should inappropriate or controversial data practices occur, whether by us or by others, our AI-powered digital and intelligent software products and services could be affected. If we cannot timely detect or correct such mistakes, our reputation may be harmed, and our business prospects, financial

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conditions and results of operation may be adversely affected. Should our AI-powered digital and intelligent software products and services become controversial due to their effects on human rights, privacy, employment, or other social matters, we risk reputational harm or legal repercussions.

Moreover, the regulatory and legal framework on generative AI is constantly evolving. On November 25, 2022, the Cybersecurity Administration of the PRC (“CAC”), the Ministry of Industry and Information Technology of the PRC (“MIIT”) and the Ministry of Public Security jointly issued the Administrative Provisions on Deep Synthesis of Internet Information Services, which became effective on January 10, 2023. According to these provisions, no organization or individual may use deep synthesis services to produce, reproduce, release or disseminate information prohibited by laws and administrative regulations, or to engage in activities prohibited by laws and administrative regulations that endanger national security and interests, damage the national image, infringe upon social public interests, disrupt the economic and social order or undermine the legitimate rights and interests of others. Additionally, the providers of deep synthesis services shall, among other things, establish and maintain management systems for algorithmic mechanism review, data security and personal information protection. On July 10, 2023, the CAC, the National Development and Reform Commission (“NDRC”), the Ministry of Education, the Ministry of Science and Technology, the MIIT, the Ministry of Public Security and the State Administration of Radio and Television jointly published the Provisional Administrative Measures for Generative Artificial Intelligence Services, which took effect on August 15, 2023. These measures provide, among others, that any providers of generative AI products with public opinion attributes or social mobilization capabilities shall conduct security assessment in accordance with relevant regulations, and complete the filing procedures in accordance with the Administrative Provisions on Internet Information Service Algorithm Recommendation. Since these laws and regulations are still relatively new and their interpretation and implementation are still subject to changes, there remain uncertainties as to whether additional security assessments or filings may be required. If we are unable to comply with any new requirements or complete necessary registrations and filings in a timely manner, or at all, or if we have any dispute with any third party relating to intellectual property or data security, our reputation, business prospects, financial conditions and results of operation may be materially and adversely affected.

Our brands are integral to our success. Our business and competitive advantage depend on our ability to effectively maintain, promote and enhance our brands.

We believe that maintaining, promoting and enhancing our brands is critical to our business. Maintaining and enhancing our brands depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products and services, which we may not be able to achieve at all times.

We believe that brand recognition will become increasingly important as competition in our market intensifies. In addition to our ability to provide reliable and effective products and services at competitive prices, the successful promotion of our brands depends on the effectiveness of our marketing strategies and execution. We have incurred, and expect to continue to incur, expenses in connection with our branding and marketing efforts. However, there can be no assurance that such expenditures will result in increased revenue, or that any such increase would be sufficient to offset the associated costs. If we are unable to effectively maintain, promote and enhance our brand image, our business prospects, financial conditions and results of operations may be materially and adversely affected.

Our business operation depends on our management team and highly skilled employees. If we are unable to attract and retain competent talents, our business prospects, financial conditions and results of operations could be adversely affected.

Our success and future growth depend largely upon the continued services of our management team, executive officers and other key and highly skilled employees. We do not have employment agreements or any other written agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period, and subject to applicable PRC laws and regulations, they could terminate their employment with us at any time. We cannot assure you that the composition of our senior management team and the scope of their responsibilities will remain the same, the change of which

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could have a material adverse effect on our business and results of operations. Moreover, to execute our growth plan, we must attract and retain highly qualified personnel with diverse credentials and expertise, and our managers must be successful in hiring employees who share our values and have the competencies to succeed with us. Competition for these personnel is intense. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions in desired geographic areas. Some of the companies with which we compete for experienced personnel may offer more lucrative compensation packages. Job candidates may also be threatened with legal action under agreements with their existing employers if we attempt to hire them, which could have an adverse impact on our hiring efforts. Additionally, laws and regulations, such as restrictive immigration laws, and restrictions on travel or availability of visas, may limit our ability to recruit internationally. We must also continue to retain and motivate existing employees through our compensation practices, company culture, and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business and future growth prospects could be adversely affected.

We may face errors or defect in or failure to perform properly of our products and services.

Our products and services address increasingly complex customer requirements and may contain technological errors, defects, disruptions or security vulnerabilities that are difficult to detect and rectify, particularly when first introduced or delivered to customers, or when new versions or upgrades are implemented. During the Track Record Period and up to the Latest Practicable Date, we had never encountered material technological errors, defects, service disruptions or security vulnerability, and had not born associated costs. We may be unable to fix such defects in a timely manner. In addition, if we fail to deliver our products and services to our customers in time due to such errors, defects, disruptions and security vulnerabilities, we may face difficulties in fulfilling our contractual obligations, potentially leading to customer dissatisfaction or termination of business relationships. Our customers may seek damages from us for losses they incur as a result of such errors, defects or failures. However, we cannot assure you that the disclaimers limiting our exposure to claims, which we typically include in the agreements with our customers, will be enforceable at all times under applicable laws and regulations or sufficient to shield us from liabilities. Moreover, our customers may post negative information about their user experiences relating to our products and services, resulting in negative publicity about us, which, whether substantiated or not, could damage our reputation and adversely affect our business prospects, financial conditions and results of operation.

We use open-source foundation models in connection with our research and development activities. Any error in such models could adversely affect our operation.

Our research and development activities may incorporate software licensed from third parties, including open-source foundation models. The terms of many open-source licenses that we are subject to have not been interpreted by courts, and there is a risk that these licenses could be construed to impose unanticipated conditions or restrictions on our use of such software, our development activities and our ability to commercialize future products and services. In addition, the terms of open-source software licenses may require us to provide software that we develop to others on unfavorable license terms. For example, certain open-source licenses may require us to offer the components of our platform that incorporate open-source software for free, make source code for modifications or derivative works available to others, and license such modifications or derivative works under the terms of the particular open-source licenses.

In addition, we could be required to seek licenses from third parties to continue using such software in our research and development activities, and these types of licenses may not be available on terms that are acceptable to us, or at all. Our inability to use open-source foundation models could result in disruptions to our research and development activities, or delays in developing future offerings or enhancements of our existing products, which could materially and adversely affect our business prospects, financial condition and results of operations, and there can be no assurance that such research and development activities will ultimately result in commercially viable products, services or other monetizable outcomes.

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We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

While we derive a majority of our revenue from direct sales, we cooperate with certain distributors for sales of our products. There can be no assurance that we will be successful in detecting any non-compliance of our distributors with the provisions of their distribution agreements. Non-compliance by our distributors could negatively affect our brand reputation and disrupt our sales.

Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Fraud or other misconduct by our distributors may involve engaging in unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our customers for fraud or misconduct committed by such distributor. Any claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

Our historical results of operations and financial condition are not indicative of future performance.

In 2023, 2024 and 2025, our revenue was RMB2,227.7 million, RMB2,330.7 million and RMB2,433.1 million, respectively, with gross profit of RMB1,369.0 million, RMB1,347.1 million, and RMB1,414.6 million in the same years, respectively. We achieved profit for the year of RMB155.1 million, RMB158.4 million and RMB174.1 million in 2023, 2024 and 2025, respectively. We cannot assure you that we are able to continuously improve our financial performance and keep robust growth momentum for various reasons, including uncertainty of our product launch and iteration efforts and intensified competition in our industry. Our revenue, expenses and operating results may vary from period to period due to factors beyond our control. As a result, we cannot assure you that our future revenues will continue to increase. Accordingly, [REDACTED] should not rely on our historical results as an indication of our future financial or operating performance.

We use third-party cloud-based infrastructure to support our business operations. Any disruption in the operations of these third-party providers, limitations on capacity or interference with our use could adversely affect our business prospects, financial conditions and results of operations.

We rely on various third-party cloud infrastructure providers to support our business operations. During the Track Record Period and up to the Latest Practicable Date, we had never encountered material disruptions arising from the operations of such third-party providers, limitations on capacity or interference with our use. However, we do not control, or in some cases have limited control over, the operation of the facilities or technologies of these third-party vendors. In addition, we typically lack control over the pricing for procurement of such cloud services. Our customers expect to access our products at any time, without performance interruption or degradation. If there is any limitation in capacity, degradation in performance, or failure of the underlying cloud infrastructure, our ability to onboard new customers, expand the usage of our existing customers, or serve our customers could be impeded, which in turn could adversely affect our business, financial condition and results of operations.

Furthermore, a variety of factors, such as cyberattacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events beyond our control, could affect the cloud infrastructure and, as a result, the proper functioning of our products and services. A prolonged service disruption for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative providers or taking other actions in preparation for, or in response to, events that damage the third-party cloud infrastructure services we use. In the event that our service agreements relating to third-party cloud infrastructure are terminated, or if there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider

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connectivity or damage to such facilities, we could experience interruptions in access to our platform, as well as significant delays and additional expenses in arranging or creating new facilities and services or re-architecting our platform for deployment on a different cloud infrastructure service provider, which could adversely affect our business prospects, financial conditions and results of operation.

We may not be able to effectively conduct our sales and marketing activities, and our promotion activities may not result in the level of sales we anticipate to achieve.

Our ability to grow our customer base and achieve broader market acceptance of our products and services depends in large part on the effectiveness and scalability of our sales and marketing efforts. In 2023, 2024 and 2025, our selling and distribution expenses were RMB702.1 million, RMB703.4 million, and RMB738.7 million, respectively, representing 31.5%, 30.2%, and 30.4% of our total revenue in the same years, respectively, and were primarily related to employee compensation for our sales personnel. As our business operations span multiple markets globally, we maintain a large sales and service team to provide localized support to customers in different regions. As of December 31, 2025, we had 944 sales personnel to support our business operation. Efficient deployment of our sales and marketing resources and the continued enhancement of our sales capabilities are critical to driving revenue growth and market penetration. We cannot assure you that such investment will bring about positive impact on our customer base expansion or customer stickiness that is sufficient to recoup such investment. If our sales and marketing initiatives do not achieve the desired results, our business prospects, financial conditions and results of operation may be adversely affected. In addition, we have invested, and plan to continue to invest, significant resources in expanding our sales network.

Any discontinuation, reduction or delay of the government grants, tax refund, or preferential tax treatments may have an adverse impact on our business prospects, financial conditions and results of operation.

In 2023, 2024 and 2025, we recorded government grants of RMB50.5 million, RMB42.3 million and RMB38.3 million, respectively. In addition, our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and certain of our subsidiaries in Chinese Mainland were qualified as high and new technology enterprises, and were entitled to a preferential income tax rate of 15% during the Track Record Period. We cannot assure you that we will continue to receive such government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatment, in which case our business prospects, financial conditions and results of operation may be materially and adversely affected.

We recorded relatively large amounts of contract liabilities during the Track Record Period. If we fail to fulfill our performance obligations in respect of contract liabilities, our business prospects, financial conditions and results of operation may be adversely affected.

We recorded contract liabilities of RMB281.4 million, RMB318.2 million and RMB388.4 million as of December 31, 2023, 2024 and 2025, respectively. Our contract liabilities primarily include advances received from sales of products and services. If we fail to provide the prescribed products and services to our customers in time or at all due to undetected errors, defects and bugs, we may not be able to honor our obligations in respect of our contract liabilities, in which case we may not be able to convert such contract liabilities into revenue and may be required to refund payments to our customers. Such failure would adversely affect our cash flow and liquidity condition, our ability to meet our working capital requirements and, in turn, our business prospects, financial conditions and results of operation.

We may face certain risks in collecting our trade and bills receivables, and any failure to collect these could have an adverse effect on our business prospects, financial conditions and results of operation.

As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB654.8 million, RMB806.4 million and RMB908.6 million, respectively. Our trade receivables turnover days were 57.4, 81.3 and 95.3 in 2023, 2024 and 2025, respectively. We recognize an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Our net impairment losses on

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financial assets amounted to RMB26.5 million, RMB48.8 million and RMB57.8 million in 2023, 2024 and 2025, respectively. Actual losses on the receivables balance could differ from those that we anticipate and reserve in our allowance account, as a result of which we might need to adjust our allowance.

We may not be able to collect all such receivables due to a variety of factors that are beyond our control. If the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the receivables, our corresponding receivables might be adversely affected in terms of recoverability. In addition, our receivables balance may continue to grow alongside our business expansion, which may increase our risks for uncollectible receivables. If we are unable to collect our receivables from our customers, especially from our key customers, our business prospects, financial conditions and results of operation may be materially and adversely affected.

We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs.

Our financial assets at FVTPL represent our investments in wealth management products. As of December 31, 2023, 2024 and 2025, our financial assets at FVTPL were RMB25.0 million, RMB6.5 million and RMB82.6 million, respectively. Our financial instruments are measured at fair value, and the changes in their fair values are recorded under other income and gains in the consolidated statements of profit or loss, which will directly affect our profit and results of operations. In 2023, 2024 and 2025, we recognized realized gains on financial assets at FVTPL of RMB2.8 million, RMB1.1 million and RMB0.7 million, respectively, and fair value gains on financial assets at FVTPL of nil, RMB1.0 million and RMB1.1 million, respectively.

During the Track Record Period, the fair value of our financial assets at FVTPL was determined by reference to unobservable inputs to the price of the underlying investments using a valuation pricing model. Changes in these unobservable inputs will affect the estimated fair value of our financial assets at the end of each financial reporting period. Given the inherent uncertainty in the fair value of financial assets at FVTPL, any significant and adverse changes in fair value could have an adverse effect on our financial conditions and results of operation.

We may face risk regarding the ability to utilize our deferred tax assets.

As of December 31, 2023, 2024 and 2025, our deferred tax assets were RMB51.8 million, RMB58.8 million and RMB56.8 million, respectively. Deferred tax assets relating to certain temporary differences and tax losses are recognized when we consider it is probable that the future taxable profit will be available against which the temporary differences or tax losses can be utilized. However, the outcome of their actual utilization may be different. We cannot assure you that our deferred tax assets can be recovered in the future. In the case that the value of our deferred tax assets is changed, we may have to record write-downs of the deferred tax assets, which may materially and adversely affect our financial conditions and results of operation.

Our business and financial position are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations in our business, financial position and results of operations depending on the relevant time of a year. We typically recognize higher revenue in the second half of the year, especially in the fourth quarter, as our customers often seek to complete system deployment and acceptance before the end of the financial year and therefore, larger portion of the delivery and acceptance of our products and services take place in the second half of the year. For details, see “Financial Information — Major Factors Affecting Our Results of Operations — Seasonal Fluctuations.” For these reasons, comparing our operating results for different periods or financial position as of different periods may not be meaningful, and you should not rely on our past results as an indication of our future performance.

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We have adopted share incentive plans and may continue to grant share-based awards in the future, which may increase expenses associated with share-based payments and dilute the shareholding percentage of our existing Shareholders.

We adopted share incentive plans for the benefit of our senior management and core employees, among others, as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. For details, see “History, Development and Corporate Structure — Share Capital Changes Subsequent to Our A Share Listing — Repurchase of A Shares and Capital Increase Relating to the A-share Incentive Plans.” In 2023, 2024 and 2025, we recorded equity-settled share-based payment of RMB42.6 million, RMB18.3 million, and RMB0.0 million, respectively. To incentivize our senior management and core employees, among others, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based compensation may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based compensation may also increase our operating expenses and therefore have an adverse effect on our financial performance.

Our intellectual property rights are critical to our success and infringement of our intellectual property rights by any third party may adversely affect our business prospects, financial conditions and results of operations.

Our trade secrets, trademarks, copyrights, patents, domain names and other intellectual property rights are critical to our success. We protect our intellectual property rights through a combination of copyright, trademark and other intellectual property laws, as well as confidentiality agreements with, among others, our employees, suppliers and customers on unpatented proprietary information and technology, such as trade secrets and confidential information. As brand names and trademarks under which our products and services are marketed and sold are important to our business, we have invested considerable efforts in seeking trademark protection for our brands. For details, see “Business — Intellectual Property.” The expected timeframes to register each of the pending patents and trademarks depend on various factors. If we fail to register a substantial amount of these patents and trademarks, our business operations may be materially and adversely affected.

In addition, effective protection of trademarks, copyrights, domain names, patent rights, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and maintenance costs and the costs of defending and enforcing those rights. We cannot assure you that our efforts to protect intellectual property rights are either sufficient or effective. Our intellectual property rights may nevertheless be infringed, misappropriated, or challenged, which could result in them being narrowed in scope or declared invalid or unenforceable.

We may be subject to claims by third parties for alleged infringement of their intellectual property rights.

There is considerable copyright registration and other intellectual property development activity in our industry. From time to time, third parties may claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights which they hold, whether such claims are valid or otherwise. We may face allegations that we have infringed the patents, copyrights and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. Any claims or litigation could cause us to incur expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products and services, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or pay substantial settlement costs in connection with any such claim or litigation, and to obtain licenses, modify applications, or refund fees. Any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

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Illegal actions, misconduct or any failure by our employees or third parties, particularly suppliers, distributors or other business partners, to provide satisfactory products or services could adversely affect our business prospects, financial conditions and results of operation.

Our reputation and operations may be harmed by illegal actions or unsatisfactory performance by our suppliers, distributors and other business partners. Our suppliers, distributors and other business partners may be subject to regulatory penalties, administrative actions and legal proceedings if they conduct illegal or non-compliant actions, which could affect their ability to carry on cooperating with us. We cannot guarantee our suppliers', distributors' and other business partners' compliance with laws, and we may be subject to claims arising from their non-compliance. If we become subject to claims caused by actions taken by our suppliers, distributors or other business partners, we may attempt to seek compensation from the relevant suppliers, distributors or other business partners. However, the compensation may be limited. If no claim can be asserted against a supplier, distributor or other business partner, or if the amounts that we claim cannot be fully recovered from such supplier, distributor or other business partner, we may have to bear the losses and compensation at our own cost. This could have a material and adverse effect on our business prospects, financial conditions and results of operation.

We are subject to risks relating to litigations and disputes with employees, competitors, business partners or other parties, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by various external or internal parties. We have been subject to certain labor disputes and could be subject to future labor disputes and adverse employee relations. Such disputes and any future labor disputes and adverse employee relations could result in legal proceedings and lead to reputational harm, monetary damages, interruptions of our operation or diversion of managerial attention.

We may also be subject to disputes with our competitors, suppliers, business partners or governmental entities relating to contractual disputes, IP right infringements or legal compliance. Such claims and disputes may evolve into litigations or law enforcement actions. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Legal proceedings are distractive and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert managerial attention from our day-to-day operations, any of which could harm our business. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our rights to use some of our leased properties could be challenged by third parties due to defects, which may adversely affect our business operations and financial condition.

We leased certain properties in the Chinese Mainland in connection with our business operations. As of December 31, 2025, we leased 15 properties in Chinese Mainland with a gross floor area exceeding 500 sq.m. each. Among which, four of the lease agreements had not been registered with relevant authorities as required by applicable PRC laws and regulations, including instances where the lessors have not fully cooperated with the lease registration process. As advised by our PRC Legal Advisor, failure to complete the registration of lease agreements may lead to a fine ranging from RMB1,000 to RMB10,000 imposed by the relevant PRC authorities for each of these lease agreements if we fail to complete the registration of lease agreements within the stipulated period. As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to such leases. We may need to expend significant management and financial resources to arrange relocation from these relevant properties. If we fail to find qualified alternative premises on terms acceptable to us, or if we are subject to any material liability resulting from challenges to our leases of properties for which our lessors do not

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hold valid titles or failed to complete the necessary procedures, our ordinary course of business may be disrupted and delayed, materially adversely affecting our business operations, financial condition and results of operations. See “Business — Properties — Leased Properties.”

Failure to make fully and timely social insurance and housing provident fund contributions for some of our employees as required by PRC laws and regulations may subject us to payments of outstanding amounts, overdue charges or penalties imposed by relevant governmental authorities.

Companies operating in the PRC are required to make social insurance and housing provident funds for their employees. During the Track Record Period, we did not make full social insurance and housing provident fund contributions in accordance with the relevant PRC laws and regulations for certain employees. See “Business — Compliance — Social Insurance and Housing Provident Fund”. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to pay any outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions.

According to the Judicial Interpretation (II) of the Supreme People’s Court on the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People’s Court on August 1, 2025 and effective from September 1, 2025, any agreement between a PRC employer and an employee or an employee’s undertaking to the employer on the non-contribution of social insurance shall be deemed invalid by the people’s court. If an employee requests to terminate the employment agreement and seek economic compensation on the grounds that the employer has failed to pay social insurance contributions in accordance with the applicable laws, the people’s court shall support such claims. Conversely, if the enterprise has lawfully paid the social insurance contributions and then requests the employee to return the compensation already paid, the people’s court shall also support such claim.

We cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations.

We face risks in connection with Third-Party Payment Arrangements by our customers.

During the Track Record Period, certain of our customers settled their outstanding payment to us through the accounts of third parties (the “**Third-Party Payor(s)**”) other than contractual counterparties under relevant sales and purchase agreements (the “**Third-Party Payment Arrangements**”). During the Track Record Period, the aggregate amount they settled under the Third-Party Payment Arrangements were less than 0.1% of our total revenue in each year, respectively. See “Business — Our Customers — Third-Party Payment Arrangement.” We were subject to various risks relating to such Third-Party Payment Arrangements, such as (i) possible claims from Third-Party Payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of Third-Party Payors and (ii) potential money laundering risks as we have limited knowledge about the source of the funds utilized by the Third-Party Payors and their identities. In the event of any claims from Third-Party Payors or their

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liquidators, or legal proceedings (whether civil or criminal or regulatory actions) instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims, legal proceedings or regulatory actions, and we may be forced to comply with the court ruling or order and return the payment for the products that we sold and services that we provided.

If we fail to comply with health, safety, social and environmental laws and regulations, we may be subject to fines or penalties, or incur costs, which may adversely impact our business.

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 pollution. 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. For details, see “Business — Environmental, Social and Corporate Governance.” This commitment may incur substantial additional costs and would potentially impact our profitability.

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 customers choosing products and services from other companies, which may materially and adversely affect our business prospects, financial conditions and results of operation.

We may be subject to breaches to our security measures, including unauthorized access to customer data, computer viruses and cyberattacks.

Breaches to our security measures, including computer viruses and cyberattacks, may result in significant damage to our products and services, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our products, and other material adverse effects on our operations. During the Track Record Period and up to the Latest Practicable Date, we had never encountered material incidents of unauthorized access to customer data, computer viruses and cyberattacks. Our security measures to protect our products could be breached or compromised as a result of product or service defects, third-party action, employee error, malfeasance or otherwise at any time, and result in persons obtaining unauthorized access to our customer data. If our security measures are breached and unauthorized access to our customer data is otherwise obtained, our products may be perceived as insecure, and customers may curtail or stop using our products and services altogether and we may incur significant legal and financial exposure and liabilities. We may incur significant costs to protect our products against the threat of, and to repair any damage caused by computer viruses and “hacking.” Moreover, if a computer virus or cyberattack affects our products and/or our customers, or if it is highly publicized, our reputation and brand names could be materially damaged and the use of our products and services may decrease and materially and adversely affect our business prospects, financial conditions and results of operation.

Our insurance coverage may not be sufficient to cover all losses associated with our business operations.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had not obtained any business liability or disruption insurance to cover our operations. We have determined that the costs of insuring against these risks, and the difficulties associated with acquiring such insurances on commercially reasonable terms render these insurances impractical for our business. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

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Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation, business prospects, financial conditions and results of operations.

From time to time, we, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage or publicity. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were in compliance with any laws or regulations, we may also suffer associated negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may be unable to take remedial measures to the satisfaction of our [REDACTED] and customers.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Our business may be adversely affected by the threat of natural disasters, the outbreak of a widespread health epidemic, and operational disruptions, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, as well as potential wars or terrorist attacks. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or act of war or terrorism harm the global economy in general. Any of the foregoing events and other events beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict, and materially and adversely impact our business prospects, financial conditions and results of operation.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Differences embedded in the legal systems of certain geographic markets where we operate could affect our business prospects, financial conditions and results of operation.

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others based on common law. Unlike the common law system, prior court decisions that have not been chosen as precedents under the civil law system may be cited for reference but may have limited precedential value. In the geographic markets where we operate, many laws and regulations may come into effect successively or be considered applicable to us, which may affect our business operations. Scrutiny and regulations of the industry in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations.

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business prospects, financial conditions and results of operation.

As we conduct our operations in Chinese Mainland, as well as in certain overseas markets, our business prospects, financial condition and results of operations are subject to economic, political and regulatory developments in these jurisdictions. Macroeconomic conditions, industrial policies, fiscal and monetary measures, trade policies and other governmental actions may directly or indirectly affect our customers' capital spending, market demand for our products and our overall operating environment.

In addition, the legal and regulatory frameworks applicable to our business may be amended, supplemented or reinterpreted from time to time, and the implementation and enforcement of such laws and regulations may evolve. We are required to comply with all applicable laws, rules, regulations and

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industry standards, including those relating to data security, cybersecurity, artificial intelligence, intellectual property and foreign investment. Compliance may require significant costs, management attention and operational adjustments.

The introduction of new laws or regulations, changes in regulatory requirements, or more stringent interpretation or enforcement thereof may increase our compliance burden, restrict certain aspects of our operations, reduce customer demand or otherwise adversely affect our business. Any of the foregoing could materially and adversely affect our business prospects, financial condition and results of operations.

We are subject to laws and regulations relating to privacy and data protection in the jurisdictions where we operate. Any losses, unauthorized access or unauthorized releases of confidential data could subject us to significant reputational, financial and legal consequences.

Our business operations involve the collection, use, storage and transmission of data relating to customers, suppliers and employees, among other data processing activities. The theft, loss, or misuse of data collected, used, stored, or transferred in the course of our business could result in significant increases in business and security costs. We may also face substantial expenses related to defending legal claims or complying with data breach notification requirements, if, for example, third parties improperly obtain and use the data; or if we otherwise experience a data loss, we may need to allocate significant resources to address such incidents.

We cannot assure that our privacy and data protection measures will always be considered sufficient in all aspects under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures may be compromised by system failures, interruptions, inadequacies, 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 customers from using our products and services, or result in proceedings against us, which could adversely affect our business prospects, financial conditions and results of operation.

We may be affected by currency exchange regimes and exchange rate fluctuations.

Conversion of Renminbi into foreign currencies and remittance foreign currency out of the PRC under certain circumstances shall be conducted in accordance with laws and regulations with respect to foreign exchange. Under current PRC foreign exchange regulations, certain current account transactions like profit distributions, interest payments, and trade-related expenses can be conducted in foreign currencies without prior approval from the SAFE, as long as certain procedural requirements are met. However, capital account transactions such as capital transfers, direct investments, securities investments, and repayment of borrowings are subject to foreign exchange policies and require prior approval from SAFE or registration with SAFE or authorized banks. If the foreign exchange regulatory system affects our access to sufficient foreign currency to meet our currency needs, we may face challenges in paying our expenses as they become due.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China’s foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future.

Non-PRC resident holders of our H Shares may be subject to Chinese Mainland income tax obligations.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between Chinese Mainland and a non-PRC investor’s jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally

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applicable to dividends from Chinese Mainland sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in Chinese Mainland, or which have an establishment or place of business in Chinese Mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese Mainland income tax rate if such gains are regarded as income from sources within Chinese Mainland unless a treaty or similar arrangement provides otherwise.

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

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

Our offshore subsidiaries may be treated as a PRC resident enterprise for PRC tax purposes.

Under the PRC EIT Law and the Regulation on the Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), enterprises established under the laws of jurisdictions outside of Chinese Mainland with “de facto management bodies” located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income.

As we are a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income. Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

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

We are a company incorporated under the PRC laws. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be difficult for [REDACTED] outside of Chinese Mainland to effect service of process upon or to enforce judgments obtained against us or our management in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible.

On July 14, 2006, the Supreme People’s Court and the Hong Kong Government signed the Arrangement between the Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**2008 Arrangement**”). Under the 2008 Arrangement, where any designated court of Chinese Mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. The 2008 Arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People’s Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”), which came into effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and Chinese Mainland. The 2019 Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the 2019 Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in Chinese Mainland even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in Chinese Mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the 2019 Arrangement.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will 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 complying with both sets of listing rules in the two jurisdictions.

The characteristics of the A share and H share markets may differ.

Our A Shares are currently listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without 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 different trading

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volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price 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 your [REDACTED] decision regarding our H Shares.

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

Prior to the [REDACTED], there was no public market for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity and [REDACTED] will develop and maintain following completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is the result of negotiations between the [REDACTED] (for itself and on behalf of the [REDACTED]) and us, and may not be an indication of the [REDACTED] at which our H Shares will be [REDACTED] following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares may be materially and adversely affected.

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

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

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

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

In addition, while [REDACTED] shares in the [REDACTED] are not subject to any restrictions on the disposal of the H Shares they [REDACTED], they may have existing arrangements or agreements to dispose of part or all of the H Shares they hold immediately or within a certain period following completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or at any time or period after the [REDACTED]. Any sale of

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the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the market price of our H Shares, and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. The declaration, payment and amount of our future dividends are subject to the discretion of our Directors, after taking into account various factors, including, but not limited to our results of operations, earnings and financial condition, cash flows, operating requirements, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, applicable laws and regulations and any other factors that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our Shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see “Financial Information — Dividends” in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Under the existing foreign exchange regulations of PRC, 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 provisions. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenditure such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The initial [REDACTED] of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the [REDACTED]. Therefore, purchasers of our H Shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. [REDACTED] of our H Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are estimates reflecting the best judgment of our Directors and management and involve a number of risks

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and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance on them.

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

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on the regulatory requirements of the securities authorities, industry standards and market practices in the PRC, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen 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 our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our 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].

Certain facts and statistics derived from government sources contained in this document may not be reliable.

This document, particularly the section headed “Industry Overview”, contains information and statistics relating to the industry in which we operate in China and globally, as well as other economic data. Such information and statistics are derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. However, the information derived from official government sources has not been independently verified by us, any of the Sole Sponsor, [REDACTED] or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

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