You should carefully consider all the information in this document and the risks and uncertainties described below before making an **[REDACTED]** *in our Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the* **[REDACTED]** *of our Shares could decline and you may lose all or part of your* **[REDACTED]**. *These factors are contingencies that may or may not occur and we are not able to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof and is subject to the cautionary statements in the section headed "Forward-Looking Statements."*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete successfully with our existing or potential competitors, our business, results of operations and financial condition may be materially and adversely affected.

The industry in which we operate is highly competitive and is evolving with new technologies emerging. According to Frost & Sullivan, in 2025, we had a market share of 1.8% among China's specialized security vendors in providing information security, which can be considered a niche market. Our future success will depend on our ability to emerge and sustain as a leader in our targeted markets by continuing to develop and deliver our solutions in a timely manner and to effectively compete with existing and new competitors. If we do not have or in the future gain more financial resources, more sophisticated technological capabilities, broader customer base and more stable relationships than our competitors, we may not be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or user demand than our competitors. We may also face competition from new market entrants who may offer lower prices or new technologies and solutions, rendering the industry in which we operate may be more competitive in the future. Further, we may be required to make substantial additional investments in R&D, marketing and sales, recruiting and retaining top talents and acquiring technologies complementary to, or necessary for, our current and future solutions in order to respond to such competitive threats and we cannot assure you that such measures will be effective. If we are unable to compete successfully, or if we need to take costly actions in response to the actions of our competitors, our business sustainability, results of operations and financial condition may be materially and adversely affected.

If we are unable to develop and introduce new solutions that can adapt to changing market demand and customer needs in a timely manner, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Our success depends on our ability to develop and introduce new solutions that incorporate and integrate the latest technological advancements. A swift change in the technologies that our customers prefer would significantly affect our business prospects. Failure to adapt to the rapidly evolving technology environment could damage our relationships with customers and lead them to seek alternative sources of supply. To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our solutions. However, there can be no assurance that we will be able to keep up with the technology evolution, or effectively use new technologies, recoup the costs of developing new technologies or adapt our proprietary technologies or solutions in a cost-effective and timely manner to meet customer requirements or emerging industry standards. We may encounter significant unexpected technical challenges, or delays in completing the development of new and enhanced solutions in a cost-effective manner. Hence, we need to invest significant resources in R&D, design innovative, accurate and safety and comfort-enhancing functions that differentiate our solutions from those of our competitors. Such R&D initiatives, if too aggressive, may strain our financial conditions. If there are delays in, or if we fail to complete as expected or at all, the development of new and enhanced solutions, we may not be able to satisfy our customers' requirements, acquire additional design wins with existing or new customers, or achieve broader market acceptance of our solutions. Such failures may result in our business sustainability, results of operations, financial condition and competitive position being materially and adversely affected.

Leakage of our proprietary technologies, confidential information or business secrets could materially and adversely affect our competitive position, business and results of operations.

Our business relies heavily on the integrity and confidentiality of our proprietary technologies and other business secrets. Despite the implementation of internal controls, confidentiality and non-compete agreements with key personnel and other precautionary measures, we cannot assure you that our core technologies and confidential information will not be disclosed, misappropriated, or otherwise compromised as a result of cyberattacks, employee misconduct, industrial espionage, or other unauthorized activities. The risk of such incidents is heightened by the increasing sophistication of cyber threats, the global nature of our operations and the mobility of skilled personnel within the technology sector. If any of our proprietary technologies, source code, or other business secrets are leaked or otherwise become available to competitors or the public, our competitive advantage could be significantly eroded. This could result in the loss of existing or potential customers, reduced pricing power and diminished market share. Any such event could materially and adversely affect our business sustainability, financial condition and results of operations.

Our ability to maintain technological leadership depends on successful R&D, which is inherently uncertain and costly.

We devote substantial resources to R&D in order to maintain our technological leadership and respond to evolving customer needs and industry standards. In 2023, 2024 and 2025, our R&D expenses were RMB119.9 million, RMB100.1 million and RMB101.9 million, representing 23.2%, 15.2% and 14.4% of our total revenue, respectively. However, there can be no assurance that our R&D efforts will yield new or enhanced solutions that achieve commercial success or meet customer requirements. The outcome of R&D activities is inherently uncertain. We may encounter technical obstacles, delays, or unforeseen costs in the development, testing, or commercialization of new technologies. Furthermore, rapid technological change, shifts in customer preferences or the emergence of new industry standards could render our existing or future solutions obsolete or less competitive. If we are unable to timely upgrade our technologies, develop new solutions in a cost-effective manner or successfully commercialize our R&D results, our ability to recover related development costs may be limited. There can also be no assurance that we will be able to protect our proprietary technologies and business secrets, or that our R&D investments will generate the expected benefits. Any failure in these areas could materially and adversely affect our business sustainability, financial condition and results of operations.

Our historical financial performance may not be indicative of future performance.

Our gross profit margin was 37.5%, 34.9% and 42.6% in 2023, 2024 and 2025, respectively. While these figures reflect a positive trend during the Track Record Period, they should not be interpreted as a guarantee of continued growth or a sign of actual profitability, as we had also incurred net loss in 2023 and 2024. There is no assurance that we will be able to maintain our historical growth rate, sustain current revenue levels, or achieve higher margins (or even any profitability) in the future. Our ability to deliver positive financial performance is subject to numerous factors, many of which are beyond our control. These include, among others:

- Market demand volatility for our products, which may be influenced by economic conditions and competitive dynamics;
- Fluctuations in costs, which could adversely affect our cost structure and profitability;
- Intensifying industry competition, which may lead to pricing pressure or loss of market share;
- Reputation and brand image risks, which could impact on customer loyalty and sales; and
- Other operational challenges.

Additionally, unforeseen events, such as adverse macroeconomic conditions, geopolitical tensions, public health crises, or changes in laws and regulations, could materially and adversely affect our business. Even with robust risk management and strategic planning, these uncertainties may result in slower growth, margin compression. Consequently, our historical results of operations should not be regarded as indicative of our future performance and investors should exercise caution when evaluating our prospects.

We recorded net loss and net cash flows used in operating activities in 2023 and 2024.

In 2023 and 2024, we recorded net loss of RMB125.5 million and RMB93.7 million, respectively and our net cash flows used in operating activities amounted to RMB162.1 million and RMB130.6 million, respectively. See "Financial Information—Results of Operations—Loss for the year" and "Financial Information—Liquidity and Capital Resources." Although we recorded net cash flows from operating activities of approximately RMB32,000 in 2025, if we are unable to maintain adequate working capital, we may again record net cash flows used in operating activities and may not be able to meet our capital expenditure requirements or pursue our growth strategies, resulting in a material adverse impact on our business sustainability and future prospects.

We may be subject to significant intellectual property infringement claims, including for the unauthorized use of software, which may result in substantial liabilities and disruption to our business and operations.

We cannot guarantee that our operations will not infringe the patents, copyrights, trademarks or other intellectual property rights of third parties. In the ordinary course of business, our employees or service providers may use pirated software or software outside permitted license scopes. We also cannot rule out that certain systems, tools or operating software we rely on may not be fully licensed or compliant with applicable license terms.

Any allegation of infringement or unauthorized use relating to intellectual property may expose us to claims, investigations, penalties and legal proceedings from rights holders. These parties may seek substantial monetary damages, including backdated license fees, non-compliance penalties and compensation for past unauthorized use, or injunctive relief requiring us to cease using the relevant software immediately. Such allegations of infringement, even if ultimately unfounded, may also harm our brand, reputation and relationships with our customers and business partners. Prolonged or recurring non-compliance may be deemed systemic, which could negatively reflect on our Directors' ability and suitability to operate our business in a compliant manner.

To prevent instances from occurring, we have established and implemented the Genuine Software Management Policy, which explicitly prohibits all employees from using unlicensed or pirated software. We also conduct regular inspections to screen for pirated software within our Group to mitigate and eliminate potential intellectual property infringement risks. In parallel, we have entered into an agreement with computer leasing service providers, pursuant to which they supply our employees with computers pre-installed with fully licensed operating systems and office software to proactively prevent potential copyright disputes.

We derived a significant portion of our revenue from a limited number of customers in the telecommunication sector.

In 2023, 2024 and 2025, revenue generated from our five largest customers amounted to RMB321.0 million, RMB451.1 million and RMB496.3 million, representing approximately 62.2%, 68.4% and 70.1% of our total revenue, respectively. Our future success is expected to continue to depend substantially on our ability to maintain and expand long-term relationships with our major customers who primarily operate in the telecommunication sector in China. Any deterioration in these relationships or significant reduction in revenue from these customers could materially and adversely affect our business, financial condition and results of operations. Such risks may arise from (i) unsuccessful sales and marketing efforts or failure to offer software products and services that meet telecommunications network operators' needs; (ii) reduction, delay or cancellation of orders by one or more telecommunications network operators for any reason; (iii) preference shifts toward competitors' products or services; (iv) deterioration of our ability to negotiate for favourable terms owing to strong bargaining power and scale of the telecommunications network operators; (v) changes in purchasing behavior, including centralization of procurement, replacement of key (vi) decision-makers or other organizational changes within telecommunications network operators; (vii) loss of one or more major customers without timely identification of suitable replacements; (viii) delayed or non-payment for our products and services, whether or not attributable to us; and inability to meet evolving technical requirements or quality standards or failure to provide satisfactory customer support and service.

We are exposed to credit risks of our customers.

Our ability to secure payments for the solutions we render significantly influences our operational results and cash flow. As of December 31, 2023, 2024 and 2025, our trade and bill receivables were RMB112.5 million, RMB281.9 million and RMB318.6 million, respectively. Accurately predicting customer creditworthiness is challenging and there is no certainty in our assessments. Additionally, macroeconomic factors, such as disruptions in the global financial markets, could precipitate financial hardships for our customers. These hardships may manifest as restricted access to credit, insolvency or bankruptcy, potentially leading to delayed payments, renegotiated payment terms, or defaults on their financial obligations to us. Such occurrences could significantly impact the aging of our accounts receivable and increase turnover days, thereby materially and negatively affecting our financial outcomes. In the event of a failure to collect receivables in line with our contractual agreements, our results of operations and cash flows will stand to suffer adverse consequences, thus leading to questions concerning our business sustainability.

We might fail to make adequate pre-sales project assessment.

We rely on certain members of our sales and marketing team to conduct pre-sales assessments of bidding projects and evaluate our capability to implement them. If we incorrectly assess our capability to undertake or determine whether we are qualified to implement a project, we may have to withdraw from the project after winning the bid. In such circumstances, we may violate the internal supplier conduct rules of the customer, which could result in the deterioration of our relationship, potential restrictions on our future bidding eligibility and damage to our industry reputation.

We may not be able to obtain financing favorable terms, or at all, to support our operations and expansion.

Historically, we have funded our operations through a combination of equity and debt financing, supplemented by cash generated from our business activities. While these sources have supported our needs to date, we anticipate that future requirements, such as ongoing operations, capital expenditures, strategic investments and other funding obligations, may necessitate additional external financing. There is no assurance that we will be able to obtain new bank loans, renew existing credit facilities, or secure equity financing on favorable terms, or at all. Access to financing is subject to numerous factors beyond our control, including prevailing market conditions, interest rate fluctuations, lender risk appetite, regulatory changes and our own financial performance. In periods of economic uncertainty or tightening credit markets, financing options may become limited or more expensive, which could increase our cost of capital and further reduce our chances of ever reaching profitability. Furthermore, any equity issuance could dilute the ownership interests of existing shareholders, potentially impacting shareholder value. If we are unable to secure adequate funding on acceptable terms, we may face significant constraints in financing our current operations, meeting working capital requirements, or pursuing growth initiatives. This could hinder our ability to develop new products, expand into new markets, or respond effectively to competitive pressures. In extreme circumstances, liquidity shortfalls could impair our ability to meet financial obligations as they fall due, which may materially and adversely affect our business sustainability, financial condition and results of operations.

We rely on outsourcing service providers to provide certain services to us. Any failure by the outsourcing service providers to meet our quality standards may result in our liabilities to our customers.

During the Track Record Period, we engaged outsourcing service providers to provide labor and IT services. Such providers essentially represented nearly all of our five largest suppliers during the Track Record Period. We closely monitor the performance of our outsourcing service providers, but we may not be able to control the quality standards of the work done by such outsourcing service providers to the same extent as when the work is performed by our own employees. Any failure by the outsourcing service providers to meet our quality standards may result in our liabilities to our customers and have a material adverse effect on our business, reputation, financial condition and results of operation. Moreover, if our outsourcing service providers cannot meet delivery deadlines or deliver services of unsatisfactory quality, our business, reputation and operations may be adversely affected. There is no assurance that the services our outsourcing service providers provide will always be able to meet the requirements of our customers. If any services they deliver cannot meet our customers' requirements or standards, we may not be able to meet our commitment to our customers, which may have an adverse impact on our business reputation. Any failure to retain our current outsourcing service providers or obtain replacement of favorable terms or at all may have an adverse effect on our business and results of operation.

Unauthorized use or other violation of our intellectual property rights may harm our brand and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business.

We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual property to protect our intellectual property rights. The steps we have taken to protect our intellectual property may not be adequate to prevent the infringement or misappropriation of our proprietary technology, know-how or other intellectual property. Infringement, misappropriation or challenges of our intellectual property rights, unauthorized use or disclosure of our trade secrets and other intellectual property, significant impairments to our intellectual property rights and limitations on our ability to assert our intellectual property rights against others, may result in a material and adverse effect on our business. Third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties. Further, others may engage in conduct that constitutes unfair competition, defamation or other violations of our rights, which could harm our business, reputation and competitive position. If there arises the need to use litigation to enforce our intellectual property rights, such litigation could result in substantial costs and diversion of our resources and disrupt our business.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations.

Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners, or the market as a whole, may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of, and trust in, the solutions provided by us, thereby resulting in reduced sales volumes and revenue, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business sustainability, financial condition, results of operations and future prospects.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle and could result in negative publicity.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. Historically, we had been involved in commercial disputes, though immaterial, with our customers and suppliers during the ordinary course of our business. See "Financial Information—Discussion of Selected Items From Our Consolidated Statements of Financial Position—Other Payables and Accruals." The outcome of such legal actions can be difficult to assess or quantify. Claimants in such proceedings may seek recovery of large or indeterminate amounts and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of operations if changes to our business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant disputes or proceedings could adversely affect our business sustainability, results of operations, financial condition or reputation.

Our failure to comply with existing or future laws and regulations related to data security, data protection, cybersecurity or personal information protection could lead to suspension of our business operations, liabilities, administrative penalties or other regulatory actions, which could negatively affect our results of operations and business.

Similar to many other jurisdictions, the PRC has in recent years tightened the regulation of data collection, storage, sharing, use, disclosure and protection. To address concerns regarding misuse of data, the PRC government has enacted a series of laws to safeguard data privacy and security, including, without limitation, the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), the PRC Data Security Law (《中華人民共和國數據安全法》), the PRC Personal Information Protection Law, Cybersecurity Review Measures (《網絡安全審查辦法》), the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) and the Network Data Security Management Regulations (《網絡數據安全管理條例》). These PRC laws and regulations require internet service providers and other network operators, among other things, to clearly state the authorized purpose, methods and scope of the collection and usage of data and obtain the consent of users for the processing of this data and to establish user information protection systems with remedial measures. For example, the PRC Personal Information Protection Law stipulates details of the general rules and principles on personal information processing and further increases the potential liability of personal information processor.

Cybersecurity Review Measures stipulate that critical information infrastructure operators (the "**CIIOs**") who purchase network products and services that affect or may affect national security, as well as internet platform operators conducting data processing activities that affect or may affect national security, shall be subject to a cybersecurity review. Internet platform operators who hold more than one million users' personal information must also apply for a cybersecurity review before seeking a listing abroad.

Uncertainties remain with respect to the regulatory regime and there is no assurance that we will always be deemed to fully comply with the requirements of the Cybersecurity Review Measures or other similar legal and regulatory developments. In such cases, we may be ordered to rectify or terminate our activities that are deemed illegal by regulatory authorities.

Pursuant to the Regulations on Regulation on Network Data Security Management promulgated by the State Council on September 24, 2024 and effective on January 1, 2025, network-data processors whose processing activities affect or may affect national security must undergo national-security review in accordance with the relevant state provisions. As of the Latest Practicable Date, no competent authority has required us to conduct such a review. If, as our business develops or the authorities impose further timelines under the Regulations, our operations are deemed to affect or potentially affect national security and we fail to complete the required cybersecurity review, we could be ordered to rectify the situation, receive warnings, be fined, have our business suspended for rectification, or have our business license or operating permit revoked, any of which could materially and adversely affect our operations.

Pursuant to the Measures for the Security Assessment of Outbound Data (《數據出境安全評估辦法》), which were promulgated by the CAC on July 7, 2022 and came into effect on September 1, 2022, to provide data abroad, a data processor falling under any of the following circumstances shall, through the local cyberspace administration at the provincial level, apply to the Cyberspace Administration of China ("**CAC**") for security assessment of outbound data: (i) where a data processor provides important data abroad; (ii) where a CIIO or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for outbound data transfers is required. As of the Latest Practicable Date, we had not been involved in any cross-border data transfer during our daily operations. However, in the event that the regulatory authorities deem certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements. Such failure to report or any material legal impediments during the process of reporting security assessments for cross-border data transfers for us may materially and adversely impact on our business operation or the **[REDACTED]**.

Compliance with applicable personal information and data security laws and regulations is a rigorous and time-intensive process. As data protection laws and regulations increase in number and complexity, we cannot assure you that our data protection systems will be considered sufficient under all applicable laws and regulations. Furthermore, we cannot assure you that the information we process for our customers and the information we receive from our suppliers are obtained and transmitted to us in full compliance with relevant laws and regulations by our customers and suppliers. Moreover, there could be new laws, regulations or industry standards that require us to acquire additional licenses, change our business practices and privacy policies and we may also be required to put in place additional mechanisms ensuring compliance with new data protection laws, all of which may increase our costs and materially harm our business, prospects, financial condition and results of operations. Any failure or perceived failure by us to comply with applicable laws and regulations or acquire additional licenses could result in the suspension of our business operations, monetary damage, or proceedings or actions against us by governmental entities, individuals or others. Our reputation could also be adversely affected by actions taken by the PRC government in response to data security and privacy threats. Future government actions and unfavorable restrictions, whether targeted at us or imposed on all companies that offer data-related services and solutions, may materially and adversely affect our business sustainability, financial conditions, results of operations and future prospects.

If we fail to obtain and maintain the requisite licenses and approvals, our results of operation and financial condition may be materially and adversely affected.

The industry in which we operate is highly regulated. In accordance with the PRC laws and regulations, we are required to maintain certain approvals, licenses and permits in order to operate our businesses in the PRC. As advised by our PRC Legal Advisors, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates were valid and effective as of the Latest Practicable Date.

Nevertheless, there can be no assurance that we will be able to obtain and/or renew all of the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner, or at all. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to penalties such as the imposition of fines and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Our revenue model is project-based. Any significant cost overruns or failure to fulfill our contractual obligations may materially and adversely affect our business, financial condition and results of operations.

Our revenue is primarily generated from project-based transactions, which exposes us to inherent risks of cost overruns and failure to fulfill our contractual obligations as stipulated in the project agreements. Any significant cost overruns or failure to perform our contractual obligations may have a material and adverse effect on our business, financial condition and results of operations.

Cost overruns may arise from (i) inherent margin sensitivity with limited buffers against contingencies such as on-site cost fluctuations and ad-hoc client changes; (ii) unanticipated customer-driven changes; (iii) external regulatory and environmental factors; (iv) contract structure and timing mismatches; and (v) deliberate strategic investments in benchmark projects to build industry credibility and secure future business. All these factors could place significant strain on our financial resources. In the event of cost overruns, we may be required to allocate additional capital to cover these excess expenses, potentially leading to increased indebtedness. This in turn could negatively impact our creditworthiness and our ability to secure future financing on favorable terms. There can be no assurance that our actual costs incurred will not exceed our estimated costs in future projects. Such discrepancies may result from under-estimation of costs, excessive material wastage, operational inefficiencies, property damage or unforeseen additional costs incurred during the course of project execution.

Additionally, we may fail to fulfill our contractual obligations, particularly when we make our first foray into new industries where we have limited operational experience and may underestimate the complexity of project requirements. In 2024, as part of our strategic expansion into the AI and AI computing power sectors, we undertook the Intelligent Computing Project and incurred a gross loss as we failed to fulfill our customer sourcing obligation stipulated in the project agreement. See "Business—Our Solutions—Other Solutions."

Any under-estimation of costs, project delays, failure to fulfill contractual obligations or other circumstances resulting in cost overruns may adversely affect our profitability, business operations and financial performance.

Our ability to attract and retain qualified personnel could materially affect our business and the results of operations. Rising labor costs in China could make it more costly to attract and retain qualified personnel and adversely affect our results of operations.

Our business requires a large number of information technology talents, including software development engineers, algorithm engineers and core technology personnel. Competition for high-end talents in the industry is fierce. If we lose key R&D professionals to competitors and fail to attract talents that can effectively replace them in time, our core technical and R&D teams will be negatively affected and our business and results of operations may be materially affected. Our financial performance in the future will also depend, in part, on our ability to recruit, train and retain a sufficient number of new experienced R&D, sales and other key employees. Our recent hires and planned hires may not become as productive and efficient as we expect and we may be unable to hire or retain sufficient numbers of qualified individuals in the future. Our future performance also depends on the continued services and contributions of our senior management. Any loss of service of our senior management can significantly delay or prevent us from achieving our strategic business objectives and adversely affect our business, financial condition and results of operations. Fierce competition for talents has led to a notable increase in wages for experienced and highly educated personnel. Unless we are able to control our labor costs or pass on these increased labor costs to our customers, we may not be able to attract and retain qualified personnel and our financial condition and results of operations may be adversely affected.

We might experience work stoppage, labor shortage and other labor related matters, which may disrupt our normal operation and adversely affect our reputation and results of operations.

We have implemented comprehensive policies and measures to protect the welfare and working conditions of our employees, including providing competitive remuneration packages, including salary and allowances, Despite our best efforts, we cannot guarantee that we will not face any labor-related issues, including labor disputes, strikes, or the inability to attract and retain qualified workers, which may lead to work stoppages or labor shortages and significantly impact our ability to meet customer demands and fulfil orders within the expected time frames. Furthermore, such labor-related matters could incur addition costs associated with resolving labor disputes, improving work conditions hiring temporary workers, engage even more outsourced labor, or implementing contingent plans to mitigate the impact of labor shortages. These additional expenses, coupled with potential revenue losses from delayed deliveries, may negatively affect our overall results of operations and impact our business sustainability.

We may not be able to detect or prevent fraud, other misconduct or any arrangements related to our solutions unknown to or unauthorized by us that are committed by third parties or our employees, which may have a negative impact on our reputation and business.

Fraud, other misconduct or any arrangements unknown to or unauthorized by us by third parties or our employees, such as unauthorized business transactions or arrangements, bribery, improper or illegal use of our solutions, disputes arising from third parties' arrangement related to our solutions unknown to or unauthorized by us and unauthorized access to or leakage of data, may be difficult to detect or prevent. For example, we cannot rule out the possibility that our customers may misuse our solutions for improper or illegal ends. These types of incidents could subject us to financial loss, legal, regulatory proceedings and disputes while seriously damaging our reputation. They may also impair our ability to effectively attract prospective suppliers or customers, develop customer loyalty, obtain financing on favorable terms and conduct other business activities. In particular, we may face risks with respect to fictitious or other fraudulent activities. There can be no assurance that the measures we have implemented to detect and reduce the occurrence of fraudulent activities would be effective in combating fraudulent transactions or improving overall satisfaction among our customers.

Our risk management systems, information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, we may be unable to identify non-compliance or suspicious transactions promptly, or at all. Furthermore, it is not always possible to detect and prevent fraud, other misconduct or any arrangements unknown to or unauthorized by us committed by our employees, platform participants, customers or other third parties and the precautions we take to prevent and detect such activities may not be effective. Therefore, we are subject to the risk that fraud, other misconduct or any arrangements unknown to us may have occurred but gone undetected, or may occur in the future. This may materially and adversely affect our business and reputation.

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

We face various risks in connection with our business. As of the Latest Practicable Date, we maintained insurance policies for our vehicles at the corporate level. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Failure to make adequate contributions to various employee benefit plans may subject us to penalties.

Under PRC laws and regulations, we are required to participate in various employee benefit plans, including social insurance fund and housing provident fund, and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of our employees. However, we had not fully complied with the regulations in the strictest sense. As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities, nor had we been subject to any material administrative penalties during the Track Record Period and up to the Latest Practicable Date. Nevertheless, if the relevant PRC authorities hold a different view with us or if there are any changes in the relevant laws and regulations, which may result in, for instance, a requirement that we make supplemental contributions, a new determination that we are not in compliance with labor laws and regulations, or that we are subject to new fines or other administrative penalties, our results of operation, financial conditions, business and prospects may be adversely affected.

During the Track Record Period, we had also engaged third-party agencies to pay social insurance and housing provident funds to some of our employees on behalf of us, which was not in strict compliance with applicable PRC laws and regulations. In 2025, we paid for the social insurance and housing provident funds for 108, or 13.1%, of our employees as of December 31, 2025 through the third-party agencies that we engaged. As advised by our PRC Legal Advisors, if the validity of such arrangements is challenged by competent PRC authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice. We cannot assure you that relevant competent government authorities will not take the view that such third-party agency arrangements do not satisfy the requirements under the relevant PRC laws and regulations. We might also be subject to labor disputes arising from such arrangements with the relevant employees.

We have implemented a series of enhanced internal control measures relating to social insurance and housing provident fund contributions. Such enhancements were designed and recommended by our internal control consultant and were subsequently reviewed and approved by our Directors. These measures primarily include (i) establishing unified internal procedures and designated personnel to monitor compliance status on a monthly basis; (ii) standardizing onboarding and payroll processes to ensure that social insurance and housing provident fund accounts are properly registered, updated and paid in accordance with applicable regulations; and (iii) strengthening documentation, record keeping and periodic internal reviews. Our Directors are responsible for overseeing the implementation and continuing effectiveness of these measures. Our Directors have also undertaken that we will (i) reasonably control the number and proportion of employees whose social insurance and housing provident fund are paid by third-party service providers in accordance with our business development and employee needs; (ii) regularly review and prepare reports on the payment of social insurance and housing provident fund for employees for the review of the Board of Directors and the head of human resources; and (iii) provide regular internal training on relevant laws and regulations to our Directors, senior management and the head of human resources. As such, our Directors are of the view that the above non-compliances, having been properly addressed with enhanced internal control measures and subject to rectification as and when required by the competent authorities, do not materially and adversely affect our suitability for **[REDACTED]**.

With respect to rectification, during the Track Record Period and up to the Latest Practicable Date, we remained mindful of potential communications with the relevant authorities and will liaise with them to make any supplemental contributions, late payment surcharges, or rectification actions if and when required by the competent authorities. As the nature and scope of rectification depend on the authorities' assessment (which we cannot ascertain at this stage), we are presently unable to determine the exact rectification actions (if any) that would be required. Our PRC Legal Advisors confirmed that there is no legal impediment to the rectification of the relevant non-compliances should rectification be required after **[REDACTED]**. We will disclose, in our interim and annual reports, the progress of rectification (if applicable) and provide detailed explanations for any delay in the rectification. As of the Latest Practicable Date, no rectification action has been taken because no penalty, order or directive has been issued by the competent authorities.

Our leases could be terminated early and we may not be able to renew our existing leases on commercially reasonable terms.

The lease agreements between our lessors and us typically provide, among other things, that the leases could be terminated under certain legal or factual conditions. If our leases are terminated early, our operation of such properties may be interrupted or discontinued and we may incur costs in relocating our operations to other locations. As a result, our business, results of operations and financial condition could be adversely affected. We plan to retain our operations upon lease expiration through renewal of existing leases. We cannot assure, however, that we will be able to renew our leases on satisfactory terms, or at all. In particular, we may experience an increase in our rent payments in connection with renegotiating our leases. If we fail to renew our leases on satisfactory terms upon lease expiration, the costs may increase in the future.

We have not completed the necessary filing and registration for our leased properties.

As of the Latest Practicable Date, we had 15 leased properties in China with GFA of 8,056 sq.m. and had not registered or filed their lease agreements with the relevant government authorities in the PRC. As advised by our PRC Legal Advisors, while the lack of registration will not affect the validity of the lease agreements, we may be ordered by the relevant government authorities to register the relevant leases within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. To this end, the maximum penalty that may be imposed onto us for such non-compliance during the Track Record Period would be up to RMB150,000. We cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to various risks relating to the Third-Party Payment Arrangement.

In 2025, one of our customers (the "**Relevant Customer**") settled a portion of its payments with us through a third-party payor (the "**Third-party Payment Arrangement**"). The amount of payments under such Third-party Payment Arrangement were RMB10.7 million, accounting for 1.5% of our revenue in 2025.

We were subject to various risks relating to such Third-party Payment Arrangement, including, but not limited to, (i) being exposed to money laundering risks due to our limited background knowledge of the parties involved in the Third-party Payment Arrangement and the source of funds for the third-party payments; (ii) possible claims from the third-party payor for return of funds as it was not contractually indebted to us and possible claims from liquidators of third-party payor. In the event that any funds received by us from the Relevant Customer were in fact illegally gained proceeds, we may be subject to governmental inquiries, enforcement actions, prosecuted, or otherwise held secondarily liable for aiding or facilitating the illegal activities which generated those illegally gained proceeds. In the event of any claims from the third-party payor or its liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, or we will be forced to comply with any court rulings to return the payment which was paid for the products or services that we provided. In addition, we cannot assure you that we will not be subject to any fines or penalties resulting from Third-party Payment Arrangement. Even we receive court rulings favourable to us, our reputation, our business relationship with our existing customers and our ability to attract new customers may be adversely affected. Our business, financial condition and results of operations may as a result be adversely affected. See "Business—Third-Party Payment Arrangement."

Our operations may be significantly disrupted by risks associated with natural disasters, health epidemics and other outbreaks.

Our operations are vulnerable to interruption and damage from natural disasters and other calamities, such as fires, floods, severe weather conditions, earthquakes, power failures, civil unrest and acts of terrorism. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur in the future, our ability to operate our business could be seriously impaired and therefore adversely affect our operations and financial conditions.

In addition, our business could be affected by public health epidemics and pandemics, such as the outbreak of Ebola, SARS, avian influenza, H1N1, or COVID-19 virus or other disease. Even if we are not directly affected, such disaster or disruption could affect the operations or financial conditions of our customers, which could harm our results of operations. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our financial condition and results of operations..

If we fail to effectively manage our growth, our business, results of operations and financial condition could be adversely affected.

Our historical growth has been driven by a combination of organic expansion, product innovation and strategic investments. However, we cannot assure you that our revenue growth will continue at the same rate, or that we will be able to sustain our historical performance as our industry matures and competition intensifies. As the market for information security solutions evolves, the growth rate of our revenue may decrease and our past results may not be indicative of our future prospects. Managing growth on a larger scale will require us to continually enhance our corporate governance, organizational structure and internal controls. We must also invest in the recruitment, training and retention of skilled personnel, particularly in R&D, to support our innovation pipeline and maintain our competitive edge. These efforts will demand significant managerial, financial and human resources. If we fail to allocate resources effectively, implement robust business strategies, or adapt our operations to the demands of a larger and more complex organization, we may experience decreased operational efficiency, increased costs. Any inability to manage our growth effectively could have a material adverse effect on our business sustainability, financial condition, results of operations and future prospects.

We may not be able to identify or pursue suitable expansion opportunities, implement our business strategies effectively, or achieve optimal results in future expansions, which could materially and adversely affect our business, financial condition and results of operations.

We intend to further expand our business, both organically and through potential acquisitions, partnerships, or investments. However, there can be no assurance that we will be able to identify, pursue, or consummate suitable expansion opportunities on commercially favorable terms, or at all. The successful execution of our expansion strategy and business plans depends on a number of factors, many of which are beyond our control, including the availability of attractive targets, the competitive landscape, regulatory approvals and prevailing market conditions.

As a provider of data and cybersecurity solutions, we face additional complexities in expansion, such as navigating diverse and evolving regulatory environments, integrating advanced technologies and addressing heightened cybersecurity and data protection requirements in new markets. Expansion initiatives may require us to incur significant debt or other liabilities, assume unforeseen legal or compliance risks, or recognize impairment charges related to goodwill or other intangible assets. Newly acquired businesses or operations may not be successfully integrated into our existing structure and we may not achieve the anticipated synergies, operational efficiencies, or returns on investment. Furthermore, it may be challenging to win market share from established industry participants, particularly in mature or highly competitive markets.

Our business plans and strategies are based on assumptions regarding future market conditions, regulatory environments, customer behavior and operational capabilities. These assumptions involve inherent risks and uncertainties and if they prove inaccurate, the viability and effectiveness of our plans could be compromised. We may encounter obstacles such as regulatory changes that impose new compliance obligations or restrict certain business activities, labor availability and cost fluctuations, shifts in customer demand driven by economic conditions or competitive offerings and other disruptions, geopolitical risks, or macroeconomic volatility.

Moreover, the implementation of new strategies or expansion plans may require significant investment, increase operating costs and result in even higher cash outflows before any benefits materialize. If anticipated synergies or growth opportunities fail to materialize, we may face challenges in recovering these costs, which could adversely affect profitability. Unforeseen obstacles, such as delays in project execution, technology integration issues, or failure to attract and retain key talent, could further undermine our ability to achieve strategic objectives. Consequently, our inability to implement business plans effectively, achieve desired outcomes, or realize the strategic objectives underlying any expansion plan may materially and adversely impact our business sustainability, growth prospects, competitiveness, financial condition and results of operations. **[REDACTED]** should not assume that our current strategies will lead to sustained success and our historical performance should not be regarded as indicative of future results. In addition, there is no guarantee that we would not incur a net loss in the foreseeable future or be aggravated by the uncertainty of our business expansion plans should they fail.

Our risk management and internal control systems may not be adequate or effective.

We have developed and implemented comprehensive risk management and internal control policies that encompass various aspects of our business operations to supervise and address a spectrum of operational, financial, legal and market risks that may be or have been identified. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective. See "Business—Risk Management and Internal Control." Since our risk management and internal control systems depend on implementation by our employees, we cannot assure you that our employees or other related third parties are sufficiently or fully trained to implement these systems, or that their implementation will be free from human error or mistakes. If we fail to timely update, implement and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business sustainability, results of operations, financial condition and future prospects could be materially and adversely affected.

Changes in Environmental, Social and Governance ("ESG") compliance requirements could have an adverse impact on our business, operating results and financial condition.

There is increasing scrutiny from regulators, investors and consumers regarding ESG practices. Our operations may be subject to stricter environmental standards, waste management requirements and heightened expectations around social responsibility and corporate governance. ESG considerations are evolving rapidly and failure to meet these requirements or expectations could result in legal penalties, exclusion from certain markets or investment pools, loss of investor confidence and significant reputational harm. However, these efforts may not be sufficient to address future regulatory changes or stakeholder demands. Additional investments may be required to upgrade facilities, adopt new technologies, or implement enhanced compliance systems, which could increase operating costs and capital expenditure. Moreover, ESG performance is increasingly linked to access to financing and investor sentiment. Failure to demonstrate progress or transparency in ESG matters could limit our ability to attract capital or participate in certain procurement opportunities. Even allegations of non-compliance or perceived shortcomings, regardless of their accuracy, could damage our reputation and brand image. Given the dynamic nature of ESG standards and the growing emphasis on sustainability, there is no assurance that we will be able to meet all applicable requirements or expectations in a timely and cost-effective manner. Any failure to do so may materially and adversely affect our business, financial condition and results of operations.

Changes in international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

Our business operations and financial performance may be influenced by various factors related to international trade policies, geopolitics, trade protection measures, export controls and economic or trade sanctions. For example, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). In addition to the restrictions introduced by the BIS rules, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. In recent years, the United States has added an increasing number of entities, including entities in China, to the Entity List and other restricted or prohibited party lists. In addition to naming additional persons to these lists, the BIS has imposed complex and restrictive rules applicable to doing business with persons on such lists. Given the complexity of these regulations and the sudden and unpredictable nature of these determinations, it is difficult to forecast developments in this area and we have no ability to influence such determinations. During the Track Record Period, three of our suppliers (the "**Relevant Suppliers**") were on the Entity List. As advised by our Sanctions Counsel, our transactions with the Relevant Suppliers on the Entity List did not violate the EAR, considering that (i) the EAR generally does not prohibit a party from receiving items from parties on the Entity List and there are no facts to suggest that the Relevant Suppliers procured the supplied products in violation of the EAR; and (ii) we did not provide any items subject to the EAR to the Relevant Suppliers. However, as the BIS rules evolve, future sanctions and export controls may significantly impact our business relationships with our key suppliers. If we fail to promptly secure alternative sources of supply on acceptable terms, our business may be materially and adversely affected.

In addition, sanctions laws and regulations are complex and constantly evolving and new persons and entities are regularly added to the list of "Sanctioned Persons," which refers to persons and entities listed on the Specially Designated Nationals and Blocked Persons List (the "**SDN List**") maintained by the United States Department of Treasury's Office of Foreign Assets Control (the "**OFAC**") or other restricted parties lists maintained by the United States the European Union (the "**EU**"), the United Kingdom (the "**U.K.**") and the United Nations (the "**UN**"). Further, new requirements or restrictions could come into effect, which might increase the scrutiny of our business or result in one or more of our business activities being deemed to have violated sanctions. These regulations are complex and we expect the need to devote increasing resources to complying with them. Even with our compliance measures, we cannot guarantee that our business is, or will be, free of sanctions risks or that our business conforms, or will conform, to the expectations and requirements of the authorities of the United States or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the United States, the EU, the U.K., the UN or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. During the Track Record Period, certain of our customers were designated as Chinese Military-Industrial Complex companies ("**CMIC**") on the Non-SDN Chinese Military-Industrial Complex Companies List (the "**NS-CMIC List**") by the OFAC under Executive Order 13959, as amended through Executive Order 14032 (the "**Executive Order**"). The Executive Order prohibits U.S. persons, as defined in Section 3(d) of the Executive Order, beginning on the effective date for the designation of a CMIC, from "the purchase or sale of any publicly traded securities or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed" as a CMIC, unless licensed or authorized by the relevant U.S. government authority. During the Track Record Period, certain of our customers were identified as Chinese Military Companies operating in the United States under Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (the "**CMC List**") by the United States Department of Defense (the "**DoD**"). Effective June 30, 2026, entities on the CMC List and their controlled affiliates will be prohibited from entering into contracts with the DoD for the procurement of goods, services or technology and effective June 30, 2027, the DoD will be prohibited from purchasing goods or services produced or developed by entities on the CMC List indirectly through third parties. As advised by our Sanctions Counsel, neither the NS-CMIC List nor the CMC List restricts us from selling or otherwise providing its products and services to customers designated on these lists. In other words, our dealings with our customers that are designated on the NS-CMIC List and CMC List do not violate the applicable restrictions under these lists.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued a final rule on outbound investment (the "**Outbound Investment Rule**") to implement the executive order of August 9, 2023, which became effective on January 2, 2025. The Outbound Investment Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China, including Hong Kong and Macau (collectively, the "**covered foreign persons**"), that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies and (iii) artificial intelligence systems. U.S. persons subject to the Outbound Investment Rule are prohibited from making or required to report certain investments in covered foreign persons (the "**covered transactions**"). The Outbound Investment Rule may apply to certain U.S. persons (including their controlled foreign entities, if applicable) outside the U.S. who may participate in the **[REDACTED]** through offshore transactions under Regulation S.

As advised by our Sanctions Counsel, although we might be classified as a covered foreign person, our business might constitute covered activities and investments by U.S. persons in us might be deemed notifiable transactions under the Outbound Investment Rule, as of the Latest Practicable Date, we had not engage in any covered activities that would result in a prohibited transaction as defined under the Outbound Investment Rule. Also, on December 23, 2025, the Treasury published additional frequently asked questions (the "**FAQs**") on the Outbound Investment Rule, providing that when a U.S. person acquires an equity interest in a covered foreign person that is publicly traded at the time of acquisition, such security is deemed publicly traded security. A U.S. person who purchases publicly traded securities of a covered foreign person is excepted from the requirement to notify the Treasury, so long as the U.S. person is not afforded rights beyond standard minority shareholder protections (the "**Publicly Traded Security Exception**"). As such, our Directors are of the view that the Outbound Investment Rule has no material adverse impact on our business operations, financial performance and the **[REDACTED]**.

Nonetheless, there is no assurance that the Treasury will take the same view as ours. To the extent that the Publicly Traded Security Exception is not available, U.S. persons who purchase our H Shares in the **[REDACTED]** may be required to notify the Treasury, increasing their compliance costs. Even if the Publicly Traded Security Exception remains available, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. **[REDACTED]** prior to and after the **[REDACTED]** as relevant laws, regulations and policies continue to evolve. For instance, on December 18, 2025, the President of the United States signed into law the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it did not immediately replace or amend the Outbound Investment Rule. Instead, it requires the Treasury to, within 450 days from passage, promulgate new or amended regulations, which may then amend or replace the Outbound Investment Rule. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Any slowdown in the growth of regional or global economy could affect our business, results of operations and financial condition.

The growth of the regional and global economies has slowed in recent years. It remains uncertain whether and for how long, the regional and global economic slowdown will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over war, unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic slowdown or negative business sentiment could have an indirect potential impact on our information security industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Changes in the economic, political and social conditions as well as government policies could adversely affect our business and prospects.

As all of our assets and substantially all of our operations are in China, our business, financial condition and results of operations could also be influenced by political, economic and social conditions of China. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment in the countries and regions where we operate could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. The PRC has a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that have recently been enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until some time after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention. It is possible that several laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

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

We are incorporated under the laws of the PRC with limited liability and all of our assets are in the PRC. In addition, most of our Directors and all our senior management personnel reside within the PRC and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or most of our Directors and senior management personnel.

When it comes to trans-jurisdictional recognition and enforcement of judgments, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in Chinese Mainland or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be uncertain. On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《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 "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated People's Court of the PRC 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, any party concerned may apply to the relevant People's Court of Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in dispute have not agreed to enter into such a choice of court agreement in writing. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in Chinese Mainland if the parties in dispute have not entered into a jurisdiction agreement in writing under the 2006 Arrangement. As between Chinese Mainland and Hong Kong, the new arrangement entered between the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region on January 18, 2019 (the "**2019 Arrangement**"), which took effect on January 29, 2024, has lifted the requirements for a choice of court agreement in writing in a civil or commercial case under the previous regime on bilateral recognition and enforcement. However, the 2006 Arrangement will remain applicable to a "jurisdiction agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. However, since the 2019 Arrangement is newly effected and promulgated, the interpretation, application and enforcement must be determined in accordance with the relevant laws and regulations in effect at the time.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits with less appropriations to statutory surplus reserve, general reserve and discretionary surplus reserve (as approved by our Shareholders' meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under HKFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed each year are retained and available for distribution in subsequent years.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

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

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

The **[REDACTED]** of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the price of and **[REDACTED]** for our Shares. Several Chinese Mainland-based companies have listed their securities and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the **[REDACTED]** performance of our Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** Shares is higher than the net tangible asset value per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. In order to expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we **[REDACTED]** additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may **[REDACTED]** Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. A certain number of the Shares controlled by our existing Shareholders are subject to certain lock-up periods beginning on the date on which **[REDACTED]** in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sales of Shares by such Shareholders and the availability of these Shares for future sales may have a negative impact on the market price of our Shares.

Our Controlling Shareholders may not be aligned with the interests of the other Shareholders.

Immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), our Controlling Shareholders will be entitled to exercise approximately **[REDACTED]**% of the issued share capital of our Company. Our Controlling Shareholders may, through their voting power at the Shareholders' meetings, have significant influence over our business and affairs, including decisions for mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders.

Our business, operating results, financial condition and prospects could be adversely affected if we fail to obtain or maintain government grants or preferential tax treatments.

During the Track Record Period, our business has benefited from government grants and preferential tax treatments available to high-tech enterprises. In 2023, 2024 and 2025, the government grants that we received amounted to RMB15.9 million, RMB6.6 million and RMB13.2 million, respectively. During the Track Record Period, we were also entitled to a preferential corporate income tax rate of 15% as a High and New Technology Enterprise. These incentives are subject to periodic review, compliance with specific qualification criteria and changes in government policies. There is no assurance that we will continue to meet the relevant requirements or that such incentives will remain available in the future. Any reduction, suspension or loss of government grants or preferential tax treatments could increase our tax burden, reduce our profitability, which could materially and adversely affect our financial condition and business prospects.

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

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese Mainland and a non-Chinese Mainland investor's jurisdiction of residence that provides for a different income tax arrangement, Chinese Mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese Mainland sources payable to investors that are non-Chinese Mainland 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税法》) and its implementation rules, dividends from sources within Chinese Mainland paid to foreign individual investors who are not Chinese Mainland 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 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese Mainland resident individual holders of Shares are generally subject to individual income tax of Chinese Mainland at the withholding tax rate of 10%, in which the non-Chinese Mainland resident individual holder of Shares resides as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Mainland resident individual holders who reside in jurisdictions that have not entered 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税的通知》) issued by the MOF of Chinese Mainland 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税有關問題的通知》) (Cai Shui [2009] No.

167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese Mainland resident individuals on the sale of shares of Chinese Mainland resident enterprises listed on overseas stock exchanges. If Chinese Mainland income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-Chinese Mainland resident investors, the value of your investment in our 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.

Certain facts, forecasts, statistics and information in this document relating to the information security industry may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the information security industry in which we operate are obtained from various sources that we believe are reliable, including official government publications and third-party reports, either commissioned by us or publicly accessible and other publicly available sources. We have taken reasonable care in the reproduction or extraction of such information. However, we cannot guarantee the quality or reliability of these sources. Specifically, neither we, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, nor our or their respective affiliates or advisers have verified such information. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this document relating to the information security industry may be inaccurate or may not be comparable to statistics produced for other markets and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources are made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as may be the case elsewhere.

We cannot assure you that we will declare and distribute any dividends in the future.

If we do not pay dividends in the foreseeable future after the **[REDACTED]**, you must rely on price appreciation of our Shares for a return on your investment. We cannot assure you when and in what form dividends will be paid on our Shares after the **[REDACTED]**. The declaration and distribution of dividends is at the complete discretion of our Board and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. As of December 31, 2025, we had no distributable reserves, and we may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our Shares in the future. See "Financial Information—Dividend." If we retain most, or all, of our available funds and any future earnings after the **[REDACTED]** to fund the development of our new products and solutions, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an investment in our Shares as a source for any future dividend income. Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate after the **[REDACTED]** or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, estimations, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words "going-forward", "next", "under-estimate", "expect", "hope", "confirm", "navigate", "intend", "might", "anticipate", "justify", "need", "estimate", "believe", "moving forward", "looking forward", "ought to", "plan", "potential", "predict", "project", "seek", "could", "should", "would", "aim", "around", "can", "may", "will" and the negative of these words and other similar expressions are forward-looking statements. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors in the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. Considering these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representation by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether because of new information, future events or otherwise. See "Forward-Looking Statements."

You should read the entire Document carefully and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industry or the [REDACTED].

You are strongly advised to read the entire Document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document. Prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding us and the **[REDACTED]**. Our Directors would like to emphasize to **[REDACTED]** that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding us or our Shares. In making decisions as to whether to invest in our Shares, **[REDACTED]** should rely only on the financial, operational and other information included in this document. By applying to purchase our Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the **[REDACTED]**. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.