***An* [REDACTED] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before making an* [REDACTED] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, 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 in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

To support our business growth, we are continuously optimizing and expanding our infrastructure and substantially investing in our research and development efforts, which may negatively impact our profitability and cash flow, and may not generate the results we expect to achieve.

Our technological capabilities and infrastructure are critical to our success. We have been continuously optimizing and expanding our infrastructure and investing substantially in our research and development efforts. We have incurred significant computing resource costs for edge cloud computing services that amounted to RMB278.8 million, RMB448.6 million and RMB541.2 million in 2023, 2024 and 2025, respectively. Additionally, our research and development expenses amounted to RMB67.8 million, RMB86.3 million and RMB119.9 million in 2023, 2024 and 2025, respectively, accounting for 18.9%, 15.5% and 15.6% of our revenue in the same years, respectively.

The distributed cloud computing services industry is subject to rapid technological changes. We need to invest significant resources, including financial and human resources, in research and development to enhance our technology capabilities in order to make our products and services competitive. As a result, we expect that our computing resource costs and research and development expenses will continue to increase. Furthermore, as development results are inherently uncertain and the fluctuations of market prices of our products and services are out of our control, we might encounter practical difficulties in gaining profits from our development activities. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to advance, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. New technologies in our industry could render our technologies, our infrastructure or solutions that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related development costs, which could result in a decline in our revenues, profitability and market share.

We may have insufficient computing resources, which could result in disruptions and our business, results of operations and financial condition could be adversely affected.

Our operations are dependent in part upon computing resources provided by our partners. We gather and consolidate idle computing resources from enterprises and data centers scattered across various physical locations and form the distributed computing architecture of our services. There can be no assurance that our partners will be willing or able to provide idle computing resources to us and that such idle computing resources will remain available without disruption at all times. In addition, our business expansion largely depends on our ability to locate and engage with new computing resource providers. There can be no assurance that we will be able to locate sufficient computing resources for our business expansion or to be adequately prepared for unexpected increases in demand for computing resources from our clients. The computing resources to which we have access may become unavailable for a variety of reasons, including full utilization of computing resources by our partners, service outages, payment disputes, network providers going out of business, termination of collaboration with our partners or network providers, natural disasters, networks imposing traffic limits or governments adopting regulations that impact network operations. In some regions, computing resource providers have their own services that compete with us, or they may choose to develop their own services that will compete with us. These computing resource providers may become unwilling to sell us adequate computing resources at fair market prices, if at all. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment reserves of computing resources to reflect growing traffic or security demands. Failure to put in place the computing resources we require could result in a reduction in, or disruption of, service to our clients and ultimately a loss of those clients. Such a failure could result in our inability to acquire new clients.

If our market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards, changing regulations, and changing client needs, requirements and preferences, our products and services may become less competitive.

The edge cloud computing service and AI cloud computing service industries are subject to rapid technological change, evolving industry standards, changing regulations, as well as changing client needs, requirements and preferences. The success of our business will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis, including our strategic adjustment of our existing product and solution offerings and development of new products and services. If we are unable to develop new products and services that satisfy our clients and provide enhancements and new features for our existing products and services that keep pace with rapid technological and industry change, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our solutions must also integrate with a variety of network, hardware, software platforms and technologies, and we need to continuously modify and enhance our products and services to adapt to changes and innovation. For example, if clients adopt new software solutions or infrastructure, we may be required to develop new versions of our products to be compatible with those new software solutions or infrastructure. This development effort may require substantial resources, which would adversely affect our business, results of operations and financial condition.

If we do not compete effectively or are unable to maintain the pricing term for our products and services, our business, results of operations and financial condition could be harmed.

The distributed cloud services market is competitive and rapidly evolving. The principal competitive factors in our market include scalability, reliability, completeness of product offerings, level of sophistication of solutions, product features, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, as well as the cost of deploying and using our products and services, among others.

We compete primarily with other distributed cloud service providers in the PRC. Some of our existing and potential competitors have significantly larger scale, greater brand name recognition, longer operating histories, more established client relationships and greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or client requirements than we can. In addition, some competitors may offer products, solutions or services that address one or a limited number of functions at lower prices, with enhanced adaptability, accuracy and efficiency compared with our products and services or in different geographies. Our current and potential competitors may develop and market new products, solutions and services with comparable or superior functionality to ours, which could force us to decrease prices to remain competitive. In addition, emerging and enhanced technologies are likely to further intensify competition of our industry. Intensified competition may result in price reduction of our products and services, a decrease in our profit margins, loss of market share and increased difficulty in market penetration, which may have a material adverse effect on our business, prospects, financial conditions and results of operations.

We may not be able to retain existing clients as a result of a number of factors, including procurement requirement of the clients, their dissatisfaction with the price of our products and services, and their ability to continue their operations and spending levels. For example, state-owned enterprise clients may choose to use other cloud services, such as state-backed cloud systems, and reduce their use of our products and services. Additionally, we may face intense competition and pricing pressure in the public tender processes that are common in state-owned enterprises' procurement process, which may sometimes be costly. If our clients cease to adopt our products and services on similar terms, our revenues may decline and our business, results of operations and financial condition may be adversely affected.

Our business depends on clients increasing their use of our products and services. If we fail to retain existing clients or increase the demand from our clients, our business, results of operations and financial condition could be materially and adversely affected.

Our ability to grow and generate incremental revenues depends, in part, on our ability to maintain our existing clients and grow our relationships with existing clients and to have them increase their use of our products and services. If our clients do not increase their use of our products and services or if the demand from our clients declines, our revenues may decrease, and our results of operations may be harmed. The loss of clients or reductions in their demand for our products and services may have a negative impact on our business, results of operations and financial condition. Any change in the competitive landscape, market trend or user behaviors may have a negative impact on our clients, thus harm their ability to maintain and increase the procurement of our products and services. In addition, some of the industries where our clients operate are heavily regulated. As the laws and regulations are evolving and some of them are relatively new, changes to the current laws and regulations may affect our business and results of operations. In addition, interpretation and enforcement of such laws and regulations involve significant uncertainty. If these laws and regulations or the uncertainty associated with their interpretation negatively impact the industries where our clients operate, our business may be adversely affected as well. We may experience reductions in demand for our products and services from existing clients and the loss of clients if clients are not satisfied with our products and services, the value proposition of our products and services or our ability to otherwise meet their needs and expectations.

Further, some of our clients may choose to develop their own solutions that do not include our products and services or adopt a multi-cloud strategy decreasing the use of our products and services. They may also demand reductions in pricing as their usage of our products and services increases, which could have an adverse impact on our gross profit margin. Moreover, some of our clients may choose to use other cloud service providers for commercial, compliance or other reasons. If a significant number of clients cease or reduce using our products and services, we may not be able to achieve our growth target and may need to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenues. Such additional sales and marketing expenditures could adversely affect our business, results of operations and financial condition.

The AI industry is characterized by constant changes. If we are not able to upgrade, enhance or innovate our technologies and services, our business, results of operations, financial condition and prospects could be adversely affected.

The AI industry is characterized by constant changes. We expect that new technologies and modes of applications will continue to emerge and evolve. Rapid and significant technological breakthroughs continue to shape the AI industry, including developments of large language models, multimodal integration, AI agents and distributed and edge cloud computing architectures. Thus, our future business, results of operations, financial condition and competitive position depend on our ability to develop and introduce new and enhanced distributed cloud and AI cloud services that incorporate and integrate the latest technological advancements and our ability to commercialize our technology in ways that satisfy evolving customer demands.

We may encounter significant unexpected technological challenges, or delays in developing new and enhanced platform capabilities and services, which require us to invest significant resources in research and development and also require that we:

- continuously improve commercializing and scaling our distributed computing network, AI cloud services and related technologies;

- design accurate and efficiency-enhanced features and functions that differentiate our services from those of our competitors, including optimization for large-scale AI inference and agentic workloads;

- respond effectively to technological changes and new product and solution announcements by our competitors; and

- adjust to changing customer preferences, market conditions and regulatory landscape for AI and cloud services quickly and cost-effectively.

Considering the rapid advancement of technology, we may be unable to upgrade our technologies and services promptly, efficiently or cost-effectively, or at all. In addition, the emergence of new or alternative technologies could replace or reduce the demand for our business and solutions, or render our technologies obsolete or unattractive. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

If we fail to maintain and enhance the functions, performance, reliability, design, security, and scalability of our products and services to meet our clients' evolving needs, we may lose our clients.

The market for distributed cloud computing services in China is constantly changing with innovations. In addition, the AI cloud computing service industry is still at a relatively early stage with uncertainties. Our success has been based on our dedication to the development of our products and services. Our ability to continue to attract and retain clients and increase sales depends largely on our ability to continue improving and enhancing the functions, performance, reliability, design, security, and scalability of our products and services.

We may experience difficulties in developing new technologies as it is costly and time-consuming, which in turn could delay or prevent the development, introduction or implementation of new products and services. While we have invested a significant amount of time and money in edge computing and AI computing solutions development to date, we may not have sufficient resources to invest at the same level going forward. To the extent we are unable to improve and enhance the functions, performance, reliability, design, security, and scalability of our products and services in a manner that timely and effectively responds to our clients' evolving needs and market competition, we may lose our clients and our business, financial condition, results of operations, and prospects may be materially and adversely affected.

If our products and services do not achieve sufficient market acceptance, our business and competitive position will suffer.

To meet our clients' rapidly evolving demands, we invest substantial resources in research and development to enhance our products and services. When we develop new or enhanced products and services, we typically incur expenses and expend resources upfront. Therefore, when we develop and introduce new or enhanced products and services, they must achieve high levels of market acceptance in order to retain our existing client and attract new clients to justify the amount of our investment in developing and bringing them to market. Our new products and services, or enhancements and changes to our existing products and services, could fail to attain the expected market acceptance for many reasons, including, among others:

- Failure to predict market demand accurately in terms of functionality and a failure to supply products and services that meet this demand in a timely manner;
- Defects, errors, or disruptions;
- Negative publicity about our products and services' performance or effectiveness;
- Changes in the legal or regulatory requirements, or increased legal or regulatory scrutiny, adversely affecting our products and services;
- Emergence of competitors that achieve market acceptance before we do;
- Delays in releasing enhancements to our products and services to the market; and
- Introduction or anticipated introduction of competing products or services by our competitors.

We could suffer disruptions, outages, latencies, defects and other performance and quality problems with our products and services or with the internet infrastructure on which it relies.

Our business depends on our products and services to be available without disruption. We have experienced, and may in the future experience, disruptions, outages, latencies, defects and other performance and quality problems with our products and services. We have also experienced, and may in the future experience, disruptions, outages, latencies, defects, and other performance and quality problems with the internet infrastructure on which our products and services relies. These problems can be caused by a variety of factors, including introductions of new functionality, vulnerabilities and defects in proprietary and open-source software, human error or misconduct, capacity constraints, design limitations or denial of service attacks or other security-related incidents.

Further, if our contractual and other business relationships with our internet infrastructure partner are terminated, suspended, or suffer a material change to which we are unable to adapt, such as termination of relationship with certain suppliers or elimination of services or features on which we depend, we could be unable to provide our products and services and could experience significant delays and incur additional expense in transitioning to a different internet infrastructure partner.

Any disruptions, outages, latencies, defects and other performance and quality problems with our products and services or with the internet infrastructure on which it relies, or any material change in our contractual and other business relationships with our public cloud providers, could result in reduced use of our products and services, increased expenses, including service credit obligations, and harm to our brand and reputation, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Our use of open-source software and models could negatively affect our ability to sell our products and services, and subject us to possible litigation.

Our products and services incorporate open-source software, including open-source large language models, multimodal models and others, and we expect to continue to incorporate them in our products and services in the future. We may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license. These allegations could also result in litigation. Moreover, although we have implemented policies to regulate the use and incorporation of open-source software and models into our products and services, we cannot be certain that we have not incorporated open-source software and models in our products or services in a manner that is inconsistent with such policies. If we or our employees fail to comply with open-source licenses, we may be subject to certain requirements, obligating us to offer our products and services that incorporate the open-source software and models at no cost or to license modifications or derivative works under the terms of applicable open-source licenses. If an author or other third party that distributes such open-source software and models were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses to defend against such allegations and could be subject to significant damages, prohibited from generating revenues from clients using products and services that contained the open-source software and models and required to comply with onerous conditions or restrictions in relation to these products and services. Should any of these events occur, we and our clients may be required to seek licenses from third parties in order to continue offering our products and services or to re-engineer our products or services, or discontinue offering our products and services to clients in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing may require us to devote additional research and development resources, which could adversely affect our business, results of operations and financial condition.

Our services rely on the stable performance of servers, and any disruption to servers due to internal and external factors could diminish demand for our products or services, harm our business, our reputation and results of operations and subject us to liability.

We rely in part upon the stable performance of servers under our service network for provision of our solutions, products and services. Any disruption to these servers may happen due to internal and external factors, such as inappropriate maintenance, defects in the servers, cyber-attacks targeted at us or our clients, occurrence of catastrophic events or human errors. Such disruption could result in negative publicity, loss of or delay in market acceptance of our products and services, loss of competitive position, lower client retention or claims by clients for losses sustained by them. In such an event, we may need to expend additional resources to help with recovering. As a result, our reputation and our brand could be harmed, and our business, results of operations and financial condition may be adversely affected.

Currently, most of the servers under our service network are located in China, while a small part of them are located abroad. While we have electronic and, to a lesser extent, physical access to the components and infrastructure of the servers, we do not control the operation of our suppliers, which may be vulnerable to damage or interruption from a variety of sources, including earthquakes, floods, fires, power loss, system failures, computer viruses, physical or electronic break-ins, human error, malfeasance or interference, including by disgruntled or former employees, terrorism and other catastrophic events. Consequently, we may be subject to service disruptions as well as failures to provide adequate support for reasons that are outside of our control. We cannot assure you that we can find alternative suppliers when the demands for servers surge or disruptions happen due to such catastrophic or force majeure events, which could also harm our business, results of operations and financial condition.

Our business is subject to a variety of laws, regulations, rules, policies and other obligations regarding data and privacy protection. Any losses or unauthorized access to or releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences.

The loss, unauthorized access or misuse of the operational data or confidential information of our customers and employees collected, used, or transferred by us in the course of our business could result in significantly increased costs. For example, if third parties improperly obtain and use such data, or if we otherwise experience a data loss, we may be required to expend considerable resources to comply with data breach notification requirements and to defend against potential legal claims. A major breach of network security related regulations may result in fines, penalties, and damages, harm our reputation and adversely affect our business, results of operations and financial condition.

Laws and regulations governing data and privacy protection are rapidly evolving and may conflict across the various jurisdictions in which we currently operate or plan to conduct business. We are subject to a range of local, national and international laws and regulations relating to the collection, use, retention, protection, security, disclosure, transfer and other processing of personal information or other data in these jurisdictions ("Data Protection Laws"). Any actual or alleged failure by us, our suppliers or other business partners to comply with applicable Data Protection Laws could result in regulatory investigations, litigation, the imposition of fines or damages, ongoing audit requirements, and other significant costs and liabilities. As these laws and regulations continue to develop, their interpretation and enforcement may also change, increasing the complexity and cost of ongoing compliance.

Complying with emerging and changing legal and regulatory requirements relating to data and privacy protection may cause us to incur substantial costs or require us to change our business practices. For example, we may be subject to certain filing requirements under privacy-related laws, regulations or policies. Any non-compliance could adversely affect our ability to collect, analyze and process data, expose us to significant monetary penalties, damage our reputation, result in suspension of our services and subject us to legal liabilities. In addition, our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Furthermore, any inability to adequately address data or privacy protection or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection or information security-related contractual terms with customers or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand and could adversely affect our business, results of operations and financial condition. Moreover, our security measures may not address every potential threat and could be susceptible to hacking, employee error, malfeasance, system or technical issues, weak password management or other vulnerabilities.

Certain of our products and services are subject to telecommunications-related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition.

Our edge cloud computing services are subject to existing and evolving telecommunication laws and regulations in China. If we do not comply with these rules and regulations, we may be subject to rectification and enforcement actions, fines, loss of licenses and possibly restrictions on our ability to operate or offer certain of our products and services. For example, if our edge cloud computing services involves storing or processing data that are controversial in nature because of their impact on human rights, privacy, employment or other social issues, we may experience brand or reputational harm or even penalties. Any enforcement actions by the competent authorities, which may be a public process, may hurt our reputation in the industry, impair our ability to sell our products and services to clients and adversely affect our business, results of operations and financial condition.

If we do not comply with any current or future rules or regulations that apply to our business, we may be ordered to rectify our illegal activities, be subject to confiscation of illegal gains, fines or business suspension or may be required to obtain additional license or approvals. We cannot assure you that we will be able to timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future, or at all, in which case we may have to restructure our offerings, exit certain markets or raise the price of our products and services. In addition, the interpretation and enforcement of the evolving regulations may remain uncertain when being applied to our business, which could increase our costs or limit our ability to grow. Any of the foregoing could adversely affect our business, results of operations and financial condition.

RISKS RELATING TO OUR FINANCIAL POSITION

We recorded net losses and operating cash outflow during the Track Record Period, and there is no assurance that we will be able to achieve or subsequently maintain profitability.

In 2023, 2024 and 2025, we incurred losses of RMB189.4 million, RMB293.5 million and RMB222.9 million, respectively. These net losses were primarily attributable to fair value losses on convertible redeemable preferred shares and share-based payment expenses, significant investments in research and development and service network expansion during the Track Record Period. In addition, we recorded net cash outflows from operating activities of RMB35.4 million, RMB41.3 million and RMB135.5 million in 2023, 2024 and 2025, respectively.

Our future ability to achieve profitability and generate positive operating cash flow will depend on various factors, including our ability to develop new technologies, enhance user experience, establish effective monetization strategies, compete effectively and successfully, and continue to grow our user base and revenues in a cost-effective manner by improving our operational efficiency.

We also anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to expand our business and operations, especially our AI cloud computing services. In addition, we expect to incur substantial costs and expenses as a result of becoming a public company. If we are unable to generate sufficient revenues or effectively manage our costs and expenses, we may continue to incur significant losses in the future and our net losses may increase compared to previous years. Therefore, we cannot assure you that we will achieve profitability or generate positive operating cash flow in the future.

Any adverse movements in the fair value of financial assets could adversely affect our results of operations.

Some of our financial assets are measured at fair value through profit or loss, such as our investments in wealth management products, which is categorized into level 2. The amount of financial assets at fair value through profit or loss was RMB90.5 million, RMB16.8 million and RMB137.3 million as of December 31, 2023, 2024 and 2025, respectively. We recorded gains from fair value of financial assets through profit or loss of RMB1.5 million, RMB0.9 million and RMB1.5 million in 2023, 2024 and 2025, respectively. The determination of fair value of relevant financial assets involves the use of observable input. Fair value changes of such financial assets could adversely affect our financial condition and results of operations. We cannot assure you that changes in financial market conditions will continue to create fair value gains on our financial assets at previous levels or at all. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our financial condition and results of operations.

The fair value of our convertible redeemable preferred shares was arrived at on the basis of valuation requiring judgment and assumptions and involving the use of unobservable input.

For financial reporting purposes, fair value measurements of our financial liabilities are categorized into level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial liabilities classified in levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of level 3 financial liabilities is based on valuation techniques and various assumptions of inputs that are unobservable, which inherently involve a certain degree of uncertainty. The fair value of the convertible redeemable preferred shares of the Group were classified as level 3. For details, please refer to notes 24 and 33 to the Accountants' Report in Appendix I to this document.

We recorded fair value losses on convertible redeemable preferred shares of RMB145.0 million, RMB221.8 million and RMB88.3 million in 2023, 2024 and 2025, respectively. The fair value of the convertible redeemable preferred shares measured at fair value was arrived at on the basis of valuation requiring judgment and assumptions and involving the use of unobservable input and are subject to a range of factors beyond our control. These factors include, but are not limited to, general economic conditions, changes in market interest rates and the stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain and may result in material adjustment. If the fair value of the convertible redeemable preferred shares measured at fair value were to fluctuate, our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to credit risks from our customers and the recoverability of our trade receivables is subject to uncertainties. If we fail to collect trade receivables from our customers in a timely manner, our cash flows may deteriorate.

We generally grant a credit term of one to three months to our customers of our edge cloud computing services, and are therefore exposed to credit risk from the relevant customers. We had trade receivables of RMB90.9 million, RMB150.1 million and RMB168.2 million as of December 31, 2023, 2024 and 2025, respectively. Our trade receivable turnover days were 83, 79 and 75 days in 2023, 2024 and 2025, respectively. In addition, 42.7%, 30.9% and 28.0% of our trade receivables were due from our largest customer and 93.6%, 88.1% and 74.9% of our trade receivables were due from our five largest customers as of December 31, 2023, 2024 and 2025, respectively.

In addition, the receipt of our usage-based fees do not necessarily correspond with the actual amount of costs incurred by us. As a result, there are often time lags between the receipt of usage-based fees from our customers and the payments made to our suppliers, resulting in potential cash flow mismatch.

A customer's ability to make payments on a timely basis depends on various factors such as general economic and market conditions and the customer's cash flow position, which are out of our control. Delays or defaults in receiving payments from our customers may adversely affect our financial performance, cash flow position and our ability to meet our working capital requirements. There is no assurance that our customers will pay us on a timely basis or at all, or that we will be able to efficiently manage the level of bad debt arising from staged payments. If we are not able to effectively manage the credit risk associated with our trade receivables or if there is a lapse in time between our receipt of payments from our customers and our payments due to our suppliers, we may record impairment losses on our trade receivables and our results of operations will be materially and adversely affected. Furthermore, our effort to settle trade receivables within the credit terms we grant our customers may not be successful. If our trade receivable turn over days increase in the future, it may lead to longer cash conversion cycle, which could further add pressure to our cash flow and working capital, which may materially and adversely affect our business, financial position and results of operations.

We recorded net current liabilities and net liabilities during the Track Record Period. There is no assurance that we will record net current assets or net assets in the future.

As of December 31, 2023, 2024 and 2025, we recorded net current liabilities of RMB438.7 million, RMB738.4 million and RMB929.7 million, respectively, and net liabilities of RMB403.9 million, RMB695.8 million and RMB888.9 million, respectively. Our net current liability position and net liability position during the Track Record Period were primarily due to the issuance of convertible redeemable preferred shares, which will be automatically converted into Ordinary Shares upon completion of the [**REDACTED**]. See "Financial Information—Liquidity and Capital Resources." There can be no assurance that we will be able to record net current assets and net assets in the future. If we continue to record net current liabilities or net liabilities, we may face liquidity risks and may not be able to repay short term indebtedness. In addition, having significant net current liabilities or net liabilities could constrain our operational flexibility and adversely affect our planned expansion plans and our business operations. Any of these events could have a material adverse impact on our business and results of operations.

We require a significant amount of capital to fund our operations and respond to business opportunities. If we cannot obtain sufficient capital on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We make investments from time to time in product development, technologies, branding, sales and marketing to remain competitive. During the Track Record Period, our principal sources of liquidity included proceeds from our business operations, equity financing and bank borrowings. As of December 31, 2023, 2024 and 2025, our accumulated equity financing amounted to US$60.0 million, US$60.0 million and US$106.0 million, respectively. As of December 31, 2023, 2024 and 2025, our interest-bearing bank borrowings were RMB43.5 million, RMB74.0 million and RMB80.5 million, respectively. Our ability to obtain additional financing in the future is subject to a number of uncertainties, including those relating to:

- our future business development, financial condition and results of operations;
- general market conditions for financing activities; and
- macro-economic and other conditions in China and elsewhere.

We cannot assure you that we will be successful in our efforts to diversify our sources of capital and raise sufficient capital as we expect. If we cannot obtain sufficient capital, we may not be able to implement our growth strategies, and our business, financial condition and results of operations may be materially and adversely affected.

We may be unable to obtain additional capital in a timely manner or on acceptable terms or at all. In addition, due to future capital needs and other business reasons, we may need to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity or equity-linked securities could dilute the interests of our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and finance covenants that would restrict our operations.

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

The conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies has in the past fluctuated significantly, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. With the development of the foreign exchange market and progress towards interest rate liberalization and

Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi, the Hong Kong dollar and the U.S. dollar in the future. In 2023 and 2024, we recorded foreign exchange loss of RMB2.4 million and RMB2.3 million, respectively. In 2025, we recorded foreign exchange gains of RMB3.0 million. We cannot assure you that we will continue to record foreign exchange gains in the future. If we record foreign exchange loss in the future, our business, financial condition and results of operations will be materially and adversely affected.

We are a holding company and we primarily rely on dividends paid by our operating subsidiaries in China for our cash needs. Substantially all of our revenues and costs are denominated in Renminbi. If we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Ordinary Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on Hong Kong dollar amount.

We have granted, and may continue to grant, share-based awards, which will increase our share-based compensation and may have an adverse effect on our results of operations.

In February 2021, we adopted a share option scheme. For details, please refer to note 28 to the Accountants' Report in Appendix I to this document. In 2023, 2024 and 2025, we incurred share-based payment expenses of RMB7.2 million, RMB10.1 million and RMB13.1 million, respectively. We believe offering share-based payment expenses is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based payment expenses in the future. As a result, our expenses associated with share-based payment expenses will increase, which may have an adverse effect on our results of operations.

RISKS RELATING TO OUR OPERATIONS

Security breaches and attacks against our systems and network, and any failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

Our cybersecurity measures may not detect, prevent or control all attempts to compromise our systems, including but not limited to, distributed denial-of-service attacks, viruses, Trojan horses, malicious software, break-ins, phishing attacks, third-party manipulation, security breaches, employee misconduct or negligence or other attacks, risks, data leakage and similar disruptions that may cause service interruptions or jeopardize the security of data stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of user information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, there can be no assurance that we will be able to anticipate or implement adequate measures to protect against these attacks.

We have contractual and legal obligations to notify relevant stakeholders of security breaches. The PRC government has enacted laws requiring companies to notify individuals, regulatory authorities and others of security breaches involving certain types of data. In addition, our agreements with certain clients and partners may require us to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our clients to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach.

A security breach may cause us to breach client contracts. Our agreements with certain clients may require us to use industry-standard or reasonable measures to safeguard sensitive personal information or confidential information. A security breach could lead to claims by our clients, their end-users or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal actions, or our clients could end their relationships with us. There can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages.

Litigation resulting from security breaches may adversely affect our business. Unauthorized access to our solutions, systems, networks or physical facilities could result in litigation with our clients, our clients' end-users or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business or adversely affect our reputation. We could be required to fundamentally change our business activities and practices or modify our product capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the confidentiality, integrity or availability of our data or the data of our partners, our clients or our clients' end-users were disrupted, we could be subject to significant liability, or our solutions, systems, or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation.

If we fail to detect or remediate a security breach in a timely manner, or if a breach otherwise affects a large amount of data of one or more of our clients, or if we suffer a cyber-attack that impacts our products and services, we may suffer material damage to our reputation, business, financial condition and results of operations. Further, our insurance coverage may not be adequate for damages, indemnification obligations or other liabilities. Our risks are likely to increase as we continue to expand our business, grow our client base and process and transmit increasingly large amounts of proprietary and sensitive data.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws in China and foreign jurisdictions so that we can prevent others from using our inventions and proprietary information. As of the December 31, 2025, we had 34 patents, 37 trademarks, 32 domain names and 67 copyrights in the PRC. There can be no assurance that any patents that have been issued or that may be issued in the future will provide sufficient protection for our intellectual property. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology and our business, results of operations and financial condition may be adversely affected.

There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We may have to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, results of operations and financial condition. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation.

We also rely, in part, on confidentiality agreements and non-compete agreements with our business partners, employees, consultants, advisors, clients and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently, with us lacking an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, our competitors may independently discover our trade secrets and proprietary information, and in such cases, we would not be able to assert any trade secret rights against them. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, to the extent we expand our international operations, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, results of operations and financial condition could be adversely affected.

We may be subject to legal proceedings and litigation, including intellectual property or contractual disputes, which are costly and may subject us to significant liability and increased costs of doing business. Our business may be adversely affected if it is alleged or determined that our technology infringes the intellectual property rights of others.

The distributed cloud computing service industry is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets and other intellectual property rights. Companies in the distributed cloud computing service industry may be required to defend against litigation claims based on allegations of infringement or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims or rights against their use. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot obtain a license or develop technology for any infringing aspect of our business, we would be forced to limit or stop selling products and services impacted by the claim or injunction or cease business activities covered by such intellectual property, and may be unable to compete effectively. Any inability to obtain license of third-party technology in the future would have an adverse effect on our business or operating results and would adversely affect our ability to compete. We may also be contractually obligated to indemnify our clients in the event of infringement of a third party's intellectual property right. We may receive demands for such indemnification from time to time. In addition, certain of our agreements with our clients and/or third-party service providers may include uncertainties on pricing, fees and others, which may expose us to potential claims as well. Responding to such claims, including those currently pending, regardless of their merit, can be time-consuming and costly to defend in litigation and damage our reputation and brand.

Lawsuits are time-consuming and expensive to resolve, and may divert management's time and attention. We may not have insurance to cover potential intellectual property claims or to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits, and the results of any such actions may harm our business.

The loss of, or a significant reduction in usage by, one or more of our major customers would result in lower revenue and could harm our business.

Our future success is dependent on establishing and maintaining successful relationships with a diverse set of clients. During the Track Record Period, we were subject to a certain level of concentration risk as we generated a significant portion of our revenue from our major customers.

In 2023, 2024 and 2025, our revenue from our five largest customers accounted for approximately 92.5%, 89.5% and 79.0% of our revenue, respectively. During the same years, our largest customer accounted for approximately 44.1%, 35.2% and 30.0% of our revenue, respectively. We also experienced fluctuation in demand from some of our major customers during the Track Record Period. We cannot guarantee that our major customers will continue to adopt our products and services or will not reduce their usage of our products and services. The loss of one or more major customers or a reduction in usage by any major customers could have a significant adverse impact on revenue.

Our relating business concentration on these customers exposes us to risks, including lack of bargaining power to maintain or increase our service price and difficulties to replace these customers. We may also face risks arising from potential competition from our customers who provide similar services. If our major customers cease to procure services from us, there can be no assurance that replacement customers can be secured on terms that are favorable to us, if at all. Even if we identify replacement customers and on similar terms, we may incur substantial costs and face diversion of management and financial resources, which may materially and adversely affect our business operation and financial position.

We may grow and expand our international operations, which may expose us to significant risks.

We may further expand our operations and client base worldwide. We currently have subsidiaries in the United States and Singapore and we plan to expand to other overseas markets. We may continue to adapt to and develop strategies to address international markets but there is no guarantee that such efforts will have the desired effect. As a result, we may be required to devote significant management attention and financial resources worldwide. In connection with such expansion, we may face difficulties including increased competition, uncertain enforcement of our intellectual property rights, unfamiliar market conditions, credit and collectability risk on our trade receivables, the complexity of compliance with laws and regulations, potential adverse movement of currency exchange rates, tariffs and trade barriers, regulatory or contractual limitations on our ability to operate, political risks and a geographically and culturally diverse workforce and client base. Failure to overcome any of these difficulties could harm our business.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, and conduct our sales and marketing activities in a cost-effective manner or we are subject to limitations in promoting our products and services, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our brand is critical to maintain and expand our business, which depend largely on our ability to continue to provide well-designed, useful and reliable products and services, which we cannot assure you we will succeed.

We believe that brand recognition will become increasingly important as competition in our market intensifies. In addition to our ability to provide reliable and useful products and services at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We primarily market our products and services through our sales and marketing force, and a number of free traffic sources including developers' communities. We cannot assure you that our selling and marketing expenses will not increase substantially. In addition, we cannot assure you that an increase in selling and marketing expenses will lead to an increase in revenue, and even if it did, such increase in revenue might not be sufficient to offset the expenses incurred.

We implement product-led growth and developer-friendly strategies to attract customers. If we fail to conduct our sales and marketing activities in a cost-effective way, we may incur considerable marketing expenses, which could adversely affect our business and operating results. Additionally, our brand promotion and marketing activities may not be effective and may not result in the levels of sales that we anticipate. Meanwhile, marketing approaches for cloud computing services in China are evolving, which may further require us to enhance our marketing approaches and experiment with new marketing methods to keep pace with industry developments and client preferences. Failure to introduce new marketing approaches in an efficient and effective manner could reduce our market share and materially and adversely affect our financial condition, results of operations and profitability.

Economic sanctions, export control and other trade restrictions imposed on Chinese companies may affect our business, financial condition and results of operations.

Our operations may be negatively affected by economic sanctions, export control and other trade regulations administered by foreign government authorities, including those implemented by the U.S. Department of the Treasury's Office of Foreign Assets Control, that directly or indirectly affect China-based technology companies. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to potential civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could also result in decreased use of our products and services, which could adversely affect our business, results of operations, financial condition, and prospects.

For example, the U.S. government has recently issued guidances and imposed licensing requirements regarding the use, transfer or export of certain integrated circuits and related products. The U.S. government may impose further restrictions in the future on the use or acquisition of such products, as well as on related cloud computing, artificial intelligence, or data security activities. If we inadvertently acquire, use or resell restricted products in violation of U.S. export control laws, we could face significant regulatory and legal risks. These could include liability for violations, penalties, restrictions on our business operations, or heightened scrutiny from regulators. We may also encounter additional compliance challenges or restrictions on transactions with certain customers, business partners or suppliers, potentially adversely affecting our business, financial condition and results of operations.

In addition, on October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "Final Rule"), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "covered activities." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in "covered foreign persons," which are defined as "covered transactions," and include acquisitions of equity interests and contingent equity interests, certain debt financing, greenfield and brownfield investments, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China in certain sectors, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us.

Economic sanctions and export control laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are beyond control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our products and services, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders that we cease or modify our existing business operations, any of which may have a material and adverse effect on our business, financial condition and results of operations.

Activities of our clients or the content on their websites and other internet properties could subject us to liability.

Activities of our clients or the content on their websites and other internet properties could cause us to experience significant adverse legal, business and reputational consequences with clients, employees, suppliers, government entities and other third parties. Our clients may use our products and services in violation of applicable laws or in violation of our terms of service or the client's own policies. The existing laws relating to the liability of providers of online products and services for activities of their users are highly unsettled and in flux both within China and internationally. As a provider of cloud computing services, we may be subject to lawsuits and liability arising from the conduct of our clients from time to time if they use our services to store or process data in violation of relevant laws and regulations. Additionally, the conduct of our clients may subject us to regulatory enforcement actions and liability. There can be no assurance that we will not face litigation or regulatory enforcement actions in the future or that we will prevail in any litigation we may face. An adverse decision in one or more of these lawsuits or enforcement action could materially and adversely affect our business, results of operations, and financial condition.

Litigations may subject us to claims arising from activities of our clients and content on their websites for large potential damages based on a significant number of online occurrences under statutory or other damage theories. Such claims may result in liability that exceeds our ability to pay. Even if claims against us are ultimately unsuccessful, defending against such claims will increase our legal expenses and divert management's attention from the operation of our business, which could materially and adversely impact our business and results of operations.

Policies and laws in this area remain highly dynamic, and we may face additional theories of intermediary liability in various jurisdictions. For example, the European Union approved a copyright directive that will impose additional obligations on online platforms and failure to comply could give rise to significant liability. Other new laws like this may also expose internet companies like us to significant liability. We may incur additional costs to comply with these new laws, which may have an adverse effect on our business, results of operations, and financial condition.

Our business depends substantially on the continuing efforts of our management and other key personnel. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

Our future success depends heavily on the continued contributions of our senior management, many of whom are difficult to replace. In particular, we rely on the professional expertise, strong technical abilities and commercialization skills of our core management team. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key employees. During the Track Record Period, save for one of our R&D personnel who voluntarily resigned for personal reasons, we did not experience any resignation of key employees. We cannot assure you that we will be able to attract or retain a qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity or harm our reputation. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We may fail to obtain or maintain all required licenses, permits and approvals to operate our business.

Our business and operations are subject to extensive regulations. We are required to obtain and maintain various licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business, especially in connection with our provision of value-added telecommunication services. There can be no assurance that we will include all value-added telecommunication business conducted by us into the authorized scope of our value-added telecommunication licenses in a timely manner, and that the relevant PRC governmental authority will not interpret certain value-added telecommunication services and their respective license requirements in a different way from ours. As we have been continually expanding into new business operations in the area of value-added telecommunication services, and the interpretation and application of existing PRC laws and regulations and possible new laws and regulations relating to our business are evolving rapidly, we cannot assure you that we will obtain, maintain or renew all the approvals, permits or licenses required for conducting our business in China or areas where we operate going forward in a timely manner, or at all. The PRC governmental authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operation of the types of businesses to which the new requirements apply. In addition, we cannot assure you that our computing resources suppliers have obtained or currently maintain all applicable licenses, permits and approvals, including telecommunication service licenses, which may subject us to potential liability. See "Business—Legal Proceedings and Non-Compliance—Non-compliance with the No. 32 Notice" for details. Furthermore, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties. Any of these actions may have a material adverse effect on our business, results of operations and financial condition.

The AI industry is subject to evolving and extensive regulation in China. Future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations.

The AI industry in China is evolving and we may experience strengthened regulatory environment along with rapid industry evolution. Our business may be subject to extensive regulation governing the industry. Government authorities in the PRC may continue to issue new laws, rules and regulations governing the industry in which we operate in the PRC. For example, pursuant to the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), algorithm recommendation service providers with public opinion attributes or social mobilization capacities are required to comply with relevant filing requirements.

In addition, according to the Measures for the Identification of AI-Generated and Synthesized Content (《人工智能生成合成內容標識辦法》), network information service providers are required to explicitly or implicitly label AI-generated synthetic content and take legal measures to regulate the dissemination of such content. See "Regulatory Overview—Regulations Relating to Privacy Protection—Regulations Relating to Generative Artificial Intelligence Services." The interpretation and implementation of existing measures are evolving and the PRC regulatory agencies, including the CAC, may further adopt new laws, regulations, rules or detailed implementation and interpretation related to the above-mentioned measures, which may negatively affect us. As such, we cannot assure you that our compliance measures are, and will be, considered sufficient under applicable laws and regulations. If we are unable to comply with the then applicable laws and regulations, such actual and alleged failure could subject us to significant legal, financial and operational consequences.

Furthermore, the government authorities may impose requirements relating to, among other things, new and additional licenses, permits and approvals relating to the AI industry, which we may not be able to obtain, maintain or comply with. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. New laws and regulations regarding the AI industry and the interpretation to existing laws and regulations may be promulgated and come into effect from time to time. We cannot assure you that we will not be found in violation of any future laws, regulations and policies, or any of the laws, regulations and policies currently in effect due to changes in the interpretation of these laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses, certificates or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, 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, financial condition and results of operations.

If we fail to implement and maintain effective risk management and internal control systems, we may be unable to accurately report our results of operations or prevent fraud, and [REDACTED] confidence may be materially and adversely affected.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, as well as to continue to improve these systems. See "Business—Risk Management and Internal Control." The effectiveness of our risk management and internal control systems depend on the implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may lead to inaccurate reporting of our results of operations. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

We and our business partners with which we collaborate are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

Our business operations are subject to various laws and regulations, including anti-bribery and anti-corruption laws and regulations, which prohibit companies and their intermediaries from making improper payments or other benefits to governments or other parties for the purpose of obtaining or retaining business. In addition, we have limited ability to control or anticipate the actions of our clients, either during their use of our products or services or otherwise. If our clients use our cloud products or services as a conduit for illegal activities, we may be subjected to investigation or penalty from the relevant government authorities. In addition, other clients and the public may not consider our cloud products or services to be safe and we may receive negative publicity. Under certain circumstances, we may be subject to significant legal liabilities under applicable laws and regulations.

In addition, while we have adopted and implemented internal controls and procedures to monitor both internal and external compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant governmental authorities due to violations committed by our employees or our business partners. We may be subject to investigations and proceedings by governmental authorities for alleged violations of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial condition and results of operations. If any of our subsidiaries, Consolidated Affiliated Entities or employees engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Misconduct and omissions by our directors, senior management, shareholders, employees or business partners could harm our business and reputation.

Misconduct and omissions by our directors, senior management, shareholders and employees could subject us to lawsuits, liability or negative publicity. There can be no assurance that our directors, senior management, shareholders and employees will not engage in misconducts or omissions. Any illegal, fraudulent, corrupt or collusive activity, misconduct, or perception of conflicts of interest and rumors could severely damage our brand and reputation, even if they are baseless or satisfactorily addressed, which could drive our clients away from us, and materially and adversely affect our business, financial condition and results of operations. There may also be negative publicity associated with litigation that could decrease market acceptance of our products and services, regardless of whether the allegations are valid or whether we are ultimately found liable.

Similarly, misconduct by our business partners, such as our customers and suppliers, could subject us to disruption of business, lawsuits, negative publicity or liability. We cannot assure you our business partners providers will not engage in misconducts or omissions. Any misconduct by our business partners may affect our operations and reputation, which may in turn affect our business, results of operations and financial condition.

Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may have a material adverse effect on our business operations, financial condition and results of operations.

Natural disasters, power shortages, epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions we conduct our business. These regions may be under the threat of typhoon, tornado, snowstorm, earthquake, flood, drought, power shortages or failures, or are susceptible to epidemics, such as COVID-19, potential wars or terrorist attacks, riots, disturbances or strikes. Serious natural disasters may result in a tremendous loss of lives and injury and destruction of assets and disrupt our business and operations. Severe infectious disease outbreaks could result in a widespread health crisis that could materially and adversely affect business activities in the affected regions, which could therefore materially affect our operations. Acts of war or terrorism, riots or disturbances may also cause injury or loss of lives to our employees and disrupt our business network and operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business environment and materially and adversely impact our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses, and our business, financial conditions, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. Given the absence of regulatory requirement and the level of our operational risks, we had not obtained any business liability or disruption insurance to cover our operations as of the Latest Practicable Date. However, any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our business and results of operations.

Our lease agreements were not registered with the relevant government authorities, which may expose us to potential fines.

Pursuant to relevant PRC regulations, parties to lease agreements are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we failed to register six lease agreements under which we are the tenant. We may be required by relevant government authorities to file the lease agreement to complete the registration formalities and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The imposition of the above fines could require us to make additional efforts and/or incur additional expenses. We cannot assure you that the other parties to our lease agreement will be cooperative and that we can complete the registration of this lease agreement and any other lease agreements that we may enter into in the future.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC governmental authorities recognize that the Contractual Arrangements for operating of our businesses in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

Current PRC laws and regulations impose certain restrictions and prohibitions on foreign ownership of companies that engage in the internet and other related businesses, such as the provision of value-added telecommunication services.

We were incorporated in the Cayman Islands as an exempted company with limited liability, and Shanghai DAO, our wholly owned PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct substantially all of our business in China through our Consolidated Affiliated Entities based on the Contractual Arrangements which enable us to (i) have the power to direct the activities that most significantly affect the economic performance of our Consolidated Affiliated Entities, (ii) receive all of the economic benefits from the Consolidated Affiliated Entities and (iii) have an exclusive option to purchase all or part of the assets of the Consolidated Affiliated Entities and equity interests in the Consolidated Affiliated Entities held by the relevant shareholders when and to the extent permitted by PRC laws, or request any relevant shareholders to transfer any or part of the equity interest in the Consolidated Affiliated Entities to another person or entity designated by us at any time at our discretion. Because of these Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entities, and we consolidate their financial results into ours. Our Consolidated Affiliated Entities hold certain licenses, approvals and assets that are essential to our business operations.

We believe that our corporate structure and the Contractual Arrangements does not violate the current applicable PRC laws and regulations. Our PRC Legal Advisor, based on its understanding of the relevant laws and regulations, is of the view that each of the agreements under the Contractual Arrangements through which we control the Consolidated Affiliated Entities is valid, legal and binding. However, we cannot assure you that PRC governmental authorities, including the MOFCOM, the MIIT or other competent authorities would agree that our corporate structure or any of the above Contractual Arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. There are no specific PRC laws and regulations governing contractual arrangements and the court, arbitration tribunal and the relevant governmental authorities in Cayman Islands, Hong Kong or other countries and regions may have broad discretion in interpreting these contractual arrangements. If our corporate structure and the Contractual Arrangements are deemed by governmental authorities having competent authority to be illegal, either in whole or in part, we may lose control of our Consolidated Affiliated Entities and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can modify our corporate structure without causing material disruptions to our business. Further, if our corporate structure and the Contractual Arrangements are found to be in violation of any existing or future laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations including, without limitation:

- Revoking our business and operating licenses;
- Discontinuing or restricting our operations;
- Imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- Imposing conditions or requirements with which our PRC subsidiary or our Consolidated Affiliated Entities may not be able to comply;
- Requiring us to restructure our ownership structure or operations, including terminating the Contractual Arrangements with our Consolidated Affiliated Entities and deregistering the equity pledge of the Consolidated Affiliated Entities;
- Restricting or prohibiting our use of the [**REDACTED**] of the [**REDACTED**] to finance our business and operations in China; or
- Taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our corporate structure and Contractual Arrangements to be in violation of PRC laws, regulations and rules. If any of these penalties results in our inability to direct the activities of the Consolidated Affiliated Entities that most significantly impact their economic performance and/or our failure to receive the economic benefits from the Consolidated Affiliated Entities, we may not be able to consolidate the Consolidated Affiliated Entities into our consolidated financial statements in accordance with IFRS, thus significantly and adversely affect our results of operations.

The interpretation and implementation of the Foreign Investment Law may impact the viability of our current corporate structure, corporate governance and business operations.

The consolidated affiliated entity structure has been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment prohibition in China. The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015, according to which, consolidated affiliated entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately "controlled" by foreign investors.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL 2019"), which was approved by the National People's Congress of the PRC on March 15, 2019, and its implementing regulations do not explicitly stipulate that the "foreign investment" as defined thereunder shall include contractual arrangements. There is a possibility that future laws, administrative regulations or provisions prescribed by the State Council may classify contractual arrangements as a form of foreign investment. In such an event, it remains uncertain whether the contractual arrangements would be deemed to be in violation of the foreign investment access requirements and how contractual arrangements would be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. If future laws, administrative regulations or provisions prescribed by the relevant legislative and administrative agencies mandate further actions to be completed by the Consolidated Affiliated Entities, in the extreme case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of the Consolidated Affiliated Entities. For details of the FIL 2019, see "Contractual Arrangement—Development in the PRC Legislation on Foreign Investment."

We rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders for substantially all of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on Contractual Arrangements with our Consolidated Affiliated Entities and their shareholders to operate our business in China. These Contractual Arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated Entities and their shareholders could breach their Contractual Arrangements with us by, among other things, failing to conduct the operations of our Consolidated Affiliated Entities in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of our Consolidated Affiliated Entities in China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of our Consolidated Affiliated Entities, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current Contractual Arrangements, we rely on the performance by our Consolidated Affiliated Entities and their shareholders of their obligations under the Contractual Arrangements to exercise control over our Consolidated Affiliated Entities. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of applicable laws, arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the applicable legal system. See "—Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on part of our business."

Any failure by our Consolidated Affiliated Entities or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on part of our business.

If our Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under the Contractual Arrangements, we could be limited in our ability to enforce the Contractual Arrangements that give us effective control over our business operations in China and may have to incur substantial costs and expend additional resources to enforce such arrangements. We cannot assure you that our Consolidated Affiliated Entities or any other related parties have performed or will perform all the obligations under the Contractual Arrangements in a timely manner, including, among others, the registration of the equity pledge with the relevant PRC government authorities, which would affect adversely our effective control over the Consolidated Affiliated Entities, our ability to conduct our business and our financial condition and results of operations. We may also have to rely on appropriate legal remedies, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective. For example, if the shareholders of our Consolidated Affiliated Entities were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee when we exercise the purchase option pursuant to these Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

If we exercise the option to acquire equity interest and assets of our Consolidated Affiliated Entities, the equity or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the Contractual Arrangements, Shanghai DAO or its designated person(s) has the exclusive right to purchase all or any part of the assets of the Consolidated Affiliated Entities and the equity interests in the Consolidated Affiliated Entities held by the relevant shareholders at a nominal price, unless relevant governmental authorities or PRC laws require that another amount should be used as the purchase price, in which case the purchase price shall be the lowest amount under such requirement.

The equity transfer may be subject to the filings with the State Administration for Market Regulation of the PRC ("SAMR") and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by relevant tax authorities. Should the relevant tax authorities or other competent authorities order an increase in equity transfer price, tax amounts in relation to such equity transfer could be substantial.

The Contractual Arrangements are mainly governed by PRC law. Accordingly, these contracts would be interpreted in accordance with PRC law, and any disputes would be resolved in accordance with PRC legal procedures, which could be different from those of other jurisdictions.

The agreements under the Contractual Arrangements are mainly governed by PRC law and provide for the resolution of disputes mainly through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures, as applicable. There are limited precedents and formal guidance as to how contractual arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law, which may thus limit our ability to enforce these Contractual Arrangements. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which could result in additional expenses and delay. In the event we are unable to enforce these Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected.

The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

We have designated individuals who are PRC nationals to be the shareholders of our Consolidated Affiliated Entities, with Ms. Lyu and Mr. Wang holding 60% and 40% equity interest of PPIO Shanghai, PPIO Shanghai holding 100% equity interest of Generative Era, respectively. The shareholders of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. These shareholders may not remain as shareholders of our Consolidated Affiliated Entities, and may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing Contractual Arrangements we have with them and our Consolidated Affiliated Entities, which would have a material and adverse effect on our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them, which may result in deconsolidation of our Consolidated Affiliated Entities. For example, the shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that, when conflicts of interest arise, any or all of these shareholders will act in the best interests of our Company, or such conflicts will be resolved in our favor. These individuals may breach or cause the Consolidated Affiliated Entities to breach the existing contractual arrangements. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Contractual Arrangements we have entered into with the Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of [REDACTED].

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements in relation to our Consolidated Affiliated Entities were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase their tax liabilities without reducing our PRC subsidiary's tax expenses. In addition, the PRC tax authorities may impose late payment fees and other administrative penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities' tax liabilities increase or if they are required to pay late payment fees and other penalties.

We may lose the ability to use and benefit from assets held by our Consolidated Affiliated Entities that are material or supplementary to the operation of our business if any of our Consolidated Affiliated Entities goes bankrupt or become subject to dissolution or liquidation proceeding.

Pursuant to the Contractual Arrangements with our Consolidated Affiliated Entities, such entities may in the future hold certain assets that are material or supplementary to the operation of our business. If any of our Consolidated Affiliated Entities goes bankrupt and all or part of its assets become subject to liens or rights of creditors, we may be unable to continue some or all of our business activities we currently conduct through the Contractual Arrangement, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, our Consolidated Affiliated Entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If any of our Consolidated Affiliated Entities undergoes voluntary or involuntary liquidation proceedings, unrelated creditors may claim rights to some or all of their assets, thereby hindering our ability to operate part of our business, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

Changes in regulatory policies where we operate could have impact on our business, financial condition and results of operations.

Most of our assets and operations are located in China. As a result, our business may be subject to risks associated with changes of legal and economic environment, including but not limited to future regulatory, policy and legislative developments, each of which could adversely impact our business, results of operations and financial condition.

The PRC governmental authorities have implemented measures emphasizing the utilization of market forces for economic reform and the establishment of improved corporate governance in business enterprises, and such measures and policies relating to such measures are evolving and subject to change. The PRC governmental authorities have also implemented various measures to encourage economic growth and guide the allocation of resources. We cannot assure you that all measures which benefit the overall Chinese economy will have a positive effect on us.

The successful operations of our business and our growth depend upon the internet infrastructure and telecommunication network in the PRC.

Our business depends on the performance and reliability of the internet infrastructure in China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's internet infrastructure. Chinese or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and services in order to comply with these changes. These changes could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based products and services such as ours.

Moreover, our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China and other countries and regions in which we operate or locate our assets. Substantially all access to the internet in China is maintained through certain telecommunication operators under administrative and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the internet through qualified international gateways, which are the only channels through which a domestic user can connect to the internet outside of China. We may face similar or other limitations in other countries and regions in which we operate or locate our assets. We may not have access to alternative networks in the event of disruptions, failures or other problems with the internet infrastructure in China or elsewhere.

In addition, with the rapid development of China's internet industry, the demand for internet infrastructure and the use of telecommunication networks are increasing. The failure of telecommunication network operators to provide us with the requisite computing resources could also interfere with the speed and availability of our products and services. We have no control over the costs of the services provided by telecommunication network operators. If the prices that we pay for telecommunication and internet services rise significantly, our gross profit margins could be adversely affected. In addition, if internet access fees or other charges to internet users increase, our user traffic may decrease, which in turn may significantly decrease our revenues.

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

Our operating subsidiaries and Consolidated Affiliated Entities are incorporated in China. Substantially all of our management reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of certain other jurisdictions. Therefore, it may be difficult for [**REDACTED**] to effect service of process upon us or our management inside China.

On July 14, 2006, mainland China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("Arrangement"), which came into effect on August 1, 2008. Pursuant to the Arrangement, a party with an enforceable final court judgment rendered by any designated people's court in mainland China or any designated Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the relevant people's court in mainland China or Hong Kong Special Administrative Region court. Similarly, a party with an enforceable final judgment rendered by a people's court in mainland China requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement, in which a Hong Kong Special Administrative Region court or a people's court in mainland China is expressly identified as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a Hong Kong Special Administrative Region court's verdict in the PRC if the parties to the dispute did not agree to a written choice of court agreement. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong Department of Justice entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "New Arrangement"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024 but remained applicable to a "written choice of court agreement" entered into before the New Arrangement taking effect. However, there can be no assurance that all final judgments will be recognized and effectively enforced by the relevant courts.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other western jurisdictions or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity paid by our PRC subsidiary for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders or to service any debt we may incur. If any of our PRC subsidiary incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiary may pay dividends only out of their respective accumulated profits as determined in accordance with PRC laws, regulations and accounting standards. In addition, a wholly foreign-owned enterprise is required to set aside 10% of its accumulated after-tax profits, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a wholly foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

The People's Bank of China and the SAFE promulgated a series of measures, including strict vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments. More restrictions and substantial vetting process may be put forward by the SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could adversely limit our ability to effectively expand, make investments or acquisitions that could be beneficial to our business, pay dividends to our [**REDACTED**], perform other obligations to our suppliers, or otherwise fund and conduct our business.

Any future dividend income from our PRC subsidiary may be subject to a higher rate of withholding tax than that which we currently anticipate.

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law and its implementation rules provide that China-sourced income of foreign enterprises, such as dividends paid by a PRC subsidiary to its equity holders that are non-PRC resident enterprises, will normally be subject to PRC withholding tax at a rate of 10%, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement.

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate on dividends paid by our PRC subsidiary to our Hong Kong subsidiary would generally be reduced to 5%, provided that our Hong Kong subsidiary is the beneficial owner of the PRC-sourced income and we have obtained the approval of the competent tax authority. On February 3, 2018, the State Administration of Taxation issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》), or Circular 9, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner. There is no assurance that the reduced withholding tax rate will be available.

Regulations on currency exchange may limit our ability to utilize our future revenue effectively.

The conversion of Renminbi is subject to applicable laws and regulations in China. A portion of our future revenue will be denominated in Renminbi. Our inability to obtain sufficient foreign currency could have an impact on the ability of our PRC subsidiary to remit foreign currency to our foreign entities and to make dividend or other payments to our foreign entities, or to repay obligations denominated in foreign currencies. The Renminbi is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but requires approval from or registration with appropriate government authorities or designated banks under the "capital account," which includes foreign direct investment and foreign currency debt, including loans we may secure for our onshore subsidiaries. Currently, our PRC subsidiary may purchase foreign currency for settlement of "current account transactions" without the approval of SAFE by complying with certain procedural requirements. Our ability to purchase foreign currency in the future for "current account transactions" is subject to possible changes in regulations from time to time. Since a portion of our revenue is denominated in Renminbi, any existing and future normative management on currency exchange may impact our ability to utilize revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our Shares.

Regulations on currency conversion, loans to, and direct investment in, PRC entities by offshore holding companies may delay us from making loans or additional contributions to our PRC subsidiary, which could impact our ability to utilize the [REDACTED] from the [REDACTED] effectively and affect our ability to fund and expand our business.

The PRC has regulations governing the conversion of foreign currencies into Renminbi. Under China's existing foreign-exchange regulations, foreign-exchange transactions under capital accounts continue to be subject to normative management. In particular, if one subsidiary receives foreign-currency loans from us or other foreign lenders, these loans must be registered with SAFE or its local counterparts. If we finance such subsidiary by means of additional capital contributions, these capital contributions must be filed with certain government authorities, including the SAMR or its local counterparts.

SAFE promulgated the Circular on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("SAFE Circular 19"), effective in June 2015 and amended in December 2019. According to SAFE Circular 19, the flow and use of Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for the issuance of Renminbi entrusted loans (unless permitted by the scope of business license), the repayment of inter-enterprise loans or the repayment of Renminbi banks loans that have been transferred to a third party. SAFE promulgated the Circular on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("SAFE Circular 16"), effective on June 9, 2016 and amended on December 4, 2023, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises (unless explicitly permitted by the scope of business license). SAFE promulgated the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) ("SAFE Circular 28"), effective on October 23, 2019 and amended on December 4, 2023. Pursuant to SAFE Circular 28, foreign invested enterprise engaged in non-investment business are further permitted to use Renminbi converted from foreign currency-denominated capital for equity investments in China on the condition that the domestic investment is genuine compliance, does not violate the current negative list on foreign investment. Considering that these circulars are relatively new, it is unclear how they will be implemented.

Violations of SAFE Circular 19, SAFE Circular 16 and SAFE Circular 28 could result in severe monetary or other penalties. We cannot assure you that we will be able to complete the necessary registrations or obtain the approvals on a timely basis, if at all, with respect to future loans or capital contributions to our PRC subsidiary and conversion of such loans or capital contributions into Renminbi. If we fail to complete such registrations or obtain such approvals, we may not be able to capitalize or otherwise fund our PRC operations in a timely manner, which could adversely affect our ability to fund and expand our business.

Any failure by the Shareholders or beneficial owners of our Shares who are PRC residents to comply with certain PRC foreign exchange regulations relating to offshore investment activities by such PRC residents could restrict our ability to distribute profits, restrict our overseas and cross-border investment activities and subject us to liability under PRC laws.

The SAFE has promulgated several regulations requiring PRC residents to complete registration procedures before engaging in direct or indirect offshore investment activities, including Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents Conducting Overseas Investment and Financing and Round-Trip Investments Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements, i.e. Foreign Exchange Administration Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》), may result in liabilities for the PRC subsidiaries of the special purpose vehicle under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Circular 13, which came into effect on June 1, 2015 and was amended on December 30, 2019, pursuant to which, local banks shall review and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registrations shall still be submitted to, reviewed and handled by the relevant local branch(es) of SAFE.

We are committed to complying with and to ensuring that our Shareholders who are subject to the regulations will comply with the relevant SAFE rules and regulations, however, we may not always be able to compel our Shareholders to comply with SAFE Circular 37 or other related regulations. We cannot assure you that the SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. Failure by any such Shareholders to comply with SAFE Circular 37 may result in restrictions on the foreign exchange activities of our PRC subsidiary and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激 勵計劃外匯管理有關問題的通知》), or the Stock Option Rules, which replaced the earlier rules promulgated by SAFE in March 2007 and January 2008. Under the Stock Option Rules, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required, through domestic companies of such overseas publicly listed company by collectively appointing a PRC agency institution, to register with SAFE and complete certain other procedures. Such participants must also retain an offshore institution to be responsible for the unified processing in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC resident employees will be subject to the Stock Option Rules upon completion of the [**REDACTED**]. Failure of the PRC resident holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially adversely affect our business.

We face possible changes to PRC laws and regulations relating to transfers by a non-PRC resident enterprise of assets of a PRC resident enterprise.

On February 3, 2015, the PRC State Administration of Taxation issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-PRC Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or Circular 7, amended on December 29, 2017, which provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise, or PRC Taxable Assets.

Late payment of applicable tax will subject the transferor to default interest. Gains derived from the sale of shares by investors are not subject to the PRC enterprise income tax pursuant to Circular 7 where such shares were acquired in a transaction through a public stock exchange. However, the sale of ordinary shares by a non-PRC resident enterprise outside a public stock exchange may be subject to PRC enterprise income tax under Circular 7.

The application of Circular 7 will be determined in accordance with the applicable laws and regulations in force at the time. Circular 7 may be determined by the tax authorities to be applicable to the sale of the shares of our offshore subsidiaries or investments where PRC Taxable Assets are involved. Furthermore, we, our non-PRC resident enterprises and PRC subsidiary may be required to spend valuable resources to comply with Circular 7 or to establish that we and our non-PRC resident enterprises should not be taxed under Circular 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have an adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Circular 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Circular 7, our income tax costs associated with such potential acquisitions or disposals will increase, which may have an adverse effect on our financial condition and results of operations.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your [REDACTED].

Under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. Under the Circular on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the De Facto Standards of Organizational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), issued and amended by the PRC State Administration of Taxation on April 22, 2009 and December 29, 2017, respectively, or Circular 82, dividends and other distributions paid by resident enterprises will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when received or recognized by non-PRC resident enterprise shareholders. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, Circular 82 specifies that certain China-invested enterprises controlled by Chinese enterprises or Chinese group enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management operation; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and archives of minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. On July 27, 2011, the PRC State Administration of Taxation issued Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), or Bulletin 45, which became effective on September 1, 2011 and was amended on June 15, 2018, to further clarify certain issues related to determining PRC resident enterprise status, including which the competent tax authorities are responsible for determining offshore incorporated PRC resident enterprise status, as well as post-determination administration.

Currently, some of the members of our management team as well as the management team of some of our offshore holding companies are located in China. However, Circular 82 and Bulletin 45 only apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign corporations like us. Without further issuing the detailed implementation regulations or other guidance determining that offshore companies controlled by PRC individuals or foreign corporations like us are PRC resident enterprises, we do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise.

Despite the foregoing, the SAT may take the view that the determining criteria set forth in Circular 82 and Bulletin 45 reflect the general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. Additional implementing regulations or guidance may be issued determining that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes. If the PRC tax authorities determine that our Cayman Islands holding company is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules and Bulletin 45, dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by a PRC enterprise or enterprise group would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiary to us will not be subject to a 10% withholding tax, as the PRC foreign-exchange control authorities and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes but not controlled by a PRC enterprise or enterprise group like us. Finally, the EIT Law and its implementing rules issued by PRC tax authorities provide that dividend paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at the source.

The M&A Rules and certain other regulations establish relevant procedures for some acquisitions of Chinese companies by foreign investors, which could intensify the difficulties for our acquisitions in China.

The M&A Rules and some other established regulations and rules concerning mergers and acquisitions, as well as additional procedures and requirements, further regulate the merger and acquisition activities by foreign investors, including requirements, in some instances, that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law requires that the SAMR shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. In addition, Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns, and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns, are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval procedure, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

RISKS RELATING TO THE [REDACTED]

There has been no [REDACTED] for the Shares and the liquidity and [REDACTED] of our Shares may be volatile.

Prior to completion of the [**REDACTED**], there has been no [**REDACTED**] for our Shares. There can be no guarantee that an active [**REDACTED**] for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations among 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 [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] of the 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 similar business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility of the [**REDACTED**] of, and [**REDACTED**] for our Shares. The [**REDACTED**] of the securities of these companies at the time of, or after, their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] of our Shares. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of us may negatively affect the attitudes of [**REDACTED**] towards us, regardless of whether such news are true. Furthermore, a portion of our Shares may be [**REDACTED**] by short sellers, which may further increase the volatility of the [**REDACTED**] of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and volatility of our Shares, regardless of our actual operating performance.

You will experience immediate dilution and may experience further dilution in the future.

As the [**REDACTED**] of our Shares is higher than the consolidated net tangible assets per share immediately prior to the [**REDACTED**], [**REDACTED**] of our Shares in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per share of their shares. In addition, [**REDACTED**] of our Shares may experience further dilution of their interest if we issue additional shares in the future to raise additional capital.

We have adopted the [**REDACTED**] Global Share Plan. See "Appendix IV—Statutory and General Information—5. Share Incentive Scheme—[**REDACTED**] Global Share Plan." Any options or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital, which in turn may result in a dilution of our shareholders' shareholding interest in our Company and a reduction in earnings per Share.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, substantial Shareholders and [REDACTED] Investors, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, substantial Shareholders and [**REDACTED**] Investors, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. We cannot assure you that our Directors, substantial Shareholders and [**REDACTED**] Investors will not dispose of any Shares they may own now or in the future.

We may not be able to pay any dividends on our Shares.

Since our inception, we have not declared or paid any dividends on our Shares. We cannot guarantee when and in what form dividends will be paid on our Shares following the [**REDACTED**]. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and other general operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares.

[**REDACTED**] **may experience difficulties in enforcing shareholder rights.**

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

Certain facts, forecasts and statistics derived from official government sources contained in this document may not be reliable and the market opportunity estimates may not be accurate.

This document, particularly the sections headed "Business" and "Industry Overview," contains information and statistics relating to the distributed cloud computing service industry. Such information and statistics have been derived from various official government sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the [**REDACTED**], the [**REDACTED**], the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any other party involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. You should consider carefully the importance placed on such information or statistics.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions as to whether to [**REDACTED**] in our [**REDACTED**]. 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**].