SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

Who We Are

We are a leading provider of enterprise software and intelligent services. Leveraging core technologies, such as AI, big data, and cloud computing, we focus on the R&D, innovation, commercialization and delivery of digital and intelligent software and services for enterprises. According to Frost & Sullivan, we are the largest player in China's enterprise software and service market by revenue in 2025 with a market share of 3.8%, and we are also the largest domestic enterprise software company in China in 2025 by overseas revenue.

Since our inception, we have progressed from accounting-centric systems to integrated enterprise systems, and now to digital and intelligent platform. Aligning with this trend, our core offerings have advanced from financial management software to enterprise resource planning ("**ERP**") software, and further to Yonyou Business Innovation Platform ("**Yonyou BIP**"). During the accounting-centric stage ("**1.0 stage**"), we became a well-recognized financial software brand in China. In the stage of integrated enterprise management ("**2.0 stage**"), we were regarded as the well-established ERP software provider in the Asia-Pacific region. Entering the new era, ("**3.0 stage**"), Yonyou BIP empowers enterprises with digital, data-driven, and intelligent operations.

What We Do

Our Business Model

We offer a diverse portfolio of enterprise software and intelligent services, including cloud-based services and software products, to address the digital and intelligent transformation demands of enterprises of all sizes — from micro and small enterprises ("**MSEs**") to large conglomerates — as well as public sector organizations. We maintained a proven track record of providing end-to-end services for large enterprises, which enables us to develop a suite of products and services and extend our market reach to medium-sized companies and MSEs. We had achieved a customer coverage of 78% across Fortune China 500 Companies in 2025. The number of customers for our cloud-based services increased by 5.5% from 2023 to 2024 and increased by 6.1% from 2024 to 2025, and further increased by 31.1% from the three months ended March 31, 2025 to the three months ended March 31, 2026. We provide our cloud-based services and software products on subscription and/or license fee model. We also provide a suite of implementation, product support, and maintenance services.

For large enterprise customers, we primarily rely on our in-house sales team for customer development and engagement. We focus on serving strategically important customers with *YonBIP* and implement a marketing strategy structured by geographic regions and industry sectors to ensure efficient resource allocation and customer reach. For medium-sized customers, we rely on our in-house sales team and our ecosystem partners to cover customers in different geographic regions and to market and deliver our standardized products and services, primarily *YonSuite* and *U9 cloud*. For MSE customers, we offer cloud-based, digital and intelligent services for their financial, tax and business management. Our products primarily include *Good Accountant (好會計)*, *Good Business (好生意)*, *Good Business and Finance (好業財)*, *Easy Accounting Agent (易代賬)*, and *T+Cloud*. For public sector organizations, we provide them with, among others, digital and intelligent budget management services.

Our Offerings

We offer a diverse portfolio of enterprise software and intelligent services, including cloud-based services and software products. Our cloud-based services primarily comprise our Yonyou BIP products series, *U9 cloud*, products offered by Chanjet and our industry-specific solutions.

We began the exploration of cloud technologies' application within the digital enterprise service domain as early as 2015, and started to generate revenue from cloud-based service offerings in 2016. We launched *YonBIP* in 2020, and began to establish a new-generation, cloud-based product matrix. Beginning in 2021, we further developed and enhanced our Yonyou BIP product series. Concurrent with the launch of Yonyou BIP, we began integrating AI capabilities into our cloud-based services. In 2023, we launched YonGPT, our enterprise-application large language model ("**LLM**"), marking a significant expansion of AI capabilities within our cloud service portfolio. In 2025, we introduced Yonyou BIP Enterprise AI, an AI application suite comprising a range of intelligent agents designed to support complex enterprise business and management scenarios.

At the core of our cloud-based service offerings is Yonyou BIP, an integrated platform designed to empower enterprises with the tools, capabilities and resources needed for digital and intelligent operations. Our Yonyou BIP product series comprises *YonBIP* for large enterprises and *YonSuite* for medium-sized companies. Yonyou BIP effectively addresses challenges of traditional enterprise software, such as siloed applications, fragmented data, and standalone AI modules that are disconnected from actual enterprise workflows, aligning with enterprises' evolving needs for digital and intelligent transformation. We remain deeply focused on key industry verticals, such as automotive, government affairs, and finance. We deliver cloud-based services tailored to the core needs of each industry and support our customers' digital transformation. Our software products are designed to solely support on-premises deployment and operations. Our software products serve large and medium-sized enterprises, helping enterprises achieve digital operations within their internal IT environment.

Our AI Capabilities

We have focused on integrating AI into our product offerings, and have launched Yonyou BIP Enterprise AI to empower Yonyou BIP with AI capabilities. Yonyou BIP Enterprise AI integrates domestically-developed enterprise software and LLM, and embeds AI technologies into enterprises' operational processes and management. By seamlessly integrating operational processes, data and AI-native applications, Yonyou BIP Enterprise AI delivers three key benefits, including unified AI infrastructure, AI-powered enterprise operations and AI agents.

Our Market Opportunities

According to Frost & Sullivan, the global enterprise software and service market is expected to grow rapidly from US$417.5 billion in 2025 to US$722.5 billion in 2030 at CAGR of 11.6%. China's enterprise software and service market is projected to increase from RMB222.5 billion in 2025 to RMB391.5 billion in 2030 at a CAGR of 12.0%. The market has observed three key trends: (i) enterprises in China are expected to take a global lead in AI adoption, (ii) adoption of domestically-developed enterprise software has become a prevalent trend, and (iii) Chinese enterprise software and service providers are expanding globally. Our strong brand presence in China and the broader Asia-Pacific region supports our overseas development since 2003. As of March 31, 2026, we had operated 14 overseas offices and cumulatively served over 1,800 customers outside of Chinese Mainland, with 60% being foreign enterprises and 40% Chinese enterprises operating overseas. Our customers span more than 40 countries and regions. Among Chinese software companies, we maintain the most extensive global operations and the highest overseas revenue contribution.

Our Financial Performance

Our revenue was RMB9,442.5 million, RMB8,817.4 million, RMB8,862.3 million, RMB1,307.2 million and RMB1,382.6 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. Our revenue fluctuations during the Track Record Period were primarily due to several strategic and external factors. First, we have prioritized acquiring and serving top-tier customers, which represent the most advanced enterprise operation and management standards. This approach strengthens our market leadership but comes with challenges, such as longer customer acquisition cycles and complex product implementation and delivery processes. Second, as we began to transition towards promoting our new-generation cloud-based services, particularly our Yonyou BIP product series, we experienced a period of revenue volatility. Finally, certain customers have adopted more cautious procurement decisions in response to broader industry and economic conditions. We recorded losses of RMB933.2 million, RMB2,069.8 million, RMB1,351.1 million, RMB756.3 million and RMB744.4 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. In addition to the factors discussed above, these losses were primarily attributable to increased delivery costs and efforts. Further, we continued to invest in the R&D of Yonyou BIP.

Despite the short-term volatility experienced by us during the Track Record Period, our strategic initiatives had started to yield positive results. In 2025 and the three months ended March 31, 2026, we achieved increases in both revenue and gross profit margin, as well as decreases in net loss, driven by enhanced delivery efficiency and product maturity. Our backlog increased by 2.0% from RMB6.3 billion for the three months ended March 31, 2025 to RMB6.4 billion for the three months ended March 31, 2026.

As we are navigating through our strategic transformation and the resulting revenue fluctuations and losses during the Track Record Period, we have developed advanced products, expanded our top-tier customer base, innovated product delivery methods, and launched industry-specific solutions. These achievements have laid solid foundation for future revenue growth and profitability improvement. For example, in 2024, Yonyou BIP emerged as our top-performing product series. The revenue contribution from our cloud-based services reached 74.6%, 77.2%, 79.2%, 79.6% and 81.4% in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (i) product leadership underpinned by innovation; (ii) industry-leading AI capabilities; (iii) extensive and highly engaged customer base; (iv) integrated ecosystem fostering shared success; and (v) forward-looking management and deep talent reserve.

OUR GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (i) enhancing product and technology competitiveness to drive business growth; (ii) accelerating AI integration across products and internal operations; (iii) further expanding overseas presence and customer coverage; (iv) empowering customers' digital and intelligent transformation through product innovation and service delivery; (v) strengthening ecosystem collaboration and fostering mutual success with partners; and (vi) transforming delivery models with intelligent delivery systems.

RESEARCH AND DEVELOPMENT

We strive to become a trusted partner to users, foster continuous innovation, and improve our products and services, with a focus on ecosystem collaboration, global expansion, AI application, product optimization, and delivery improvement. Accordingly, our key R&D initiatives focus on (i) improving the iuap platform, YonGPT, and YonAI, (ii) enhancing intelligent cloud-based services across various domains through intelligent agents centered on YonMate, (iii) strengthening intelligent data platforms, including YonBI, RAG, and enterprise knowledge management solutions, (iv) developing and optimizing the global service architecture of our Yonyou BIP product series, (v) curating localized services tailored to the specific demands of customers from different countries and regions, and (vi) ensuring autonomy and compliance with domestic technology standards.

OUR MAJOR CUSTOMERS AND SUPPLIERS

Since our inception, we have accumulated a large and diversified enterprise customer base, spanning across a broad range of industry sectors. In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our top five customers in each year/period during the Track Record Period accounted for 4.1%, 3.7%, 3.3% and 3.9% of our total revenue, respectively, and revenue from our top customer in each year/period during the Track Record Period accounted for 1.1%, 1.2%, 0.9% and 1.4% of our total revenue in the same periods, respectively.

Our suppliers primarily include professional service providers, independent software vendors and cloud infrastructure providers. In 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our top five suppliers in each year/period during the Track Record Period accounted for 4.2%, 3.3%, 3.5% and 3.7% of our total purchases, respectively; and purchases from our largest supplier in each year/period during the Track Record Period accounted for 0.9%, 0.8%, 1.4% and 2.0% of our total purchases in the same periods, respectively.

COMPETITION

The markets in which we operate are highly competitive. Our major competitors include players in the markets of enterprise software and services. We believe the principal competitive factors in our industries are functionality and effectiveness of the products and services, user experience, technology and infrastructure capabilities, sales capabilities, industry knowledge, and brand recognition and reputation. In addition, new and enhanced technologies and new market entrants may further increase competition in our industries. We believe that we are well-positioned to compete effectively based on the foregoing factors. See "Business — Our Competitive Strengths" for details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Revenue	**9,442,538**	**100.0**	**8,817,429**	**100.0**	**8,862,267**	**100.0**	**1,307,225**	**100.0**	**1,382,643**	**100.0**
Cost of sales	(4,791,104)	(50.7)	(4,760,273)	(54.0)	(4,589,269)	(51.8)	(830,543)	(63.5)	(798,812)	(57.8)
Gross profit	**4,651,434**	**49.3**	**4,057,156**	**46.0**	**4,272,998**	**48.2**	**476,682**	**36.5**	**583,831**	**42.2**
Other income and gains/(losses), net	847,652	9.0	607,029	6.9	760,156	8.6	217,197	16.6	170,791	12.4
Research and development costs	(2,106,470)	(22.3)	(2,121,782)	(24.1)	(2,285,525)	(25.8)	(559,823)	(42.8)	(579,179)	(41.9)
Sales and marketing expenses	(2,742,894)	(29.0)	(2,621,739)	(29.7)	(2,442,600)	(27.6)	(454,897)	(34.8)	(449,041)	(32.5)
Administrative expenses	(1,113,426)	(11.8)	(1,225,945)	(13.9)	(1,083,288)	(12.2)	(315,838)	(24.2)	(343,528)	(24.8)
Impairment losses on financial and contract assets	(218,524)	(2.3)	(296,791)	(3.4)	(269,862)	(3.0)	(65,457)	(5.0)	(60,110)	(4.3)
Other expenses	(113,715)	(1.2)	(333,554)	(3.8)	(202,699)	(2.3)	(22,302)	(1.7)	(22,432)	(1.6)
Finance expenses	(170,860)	(1.8)	(178,859)	(2.0)	(176,602)	(2.0)	(45,061)	(3.4)	(38,450)	(2.8)
Share of profits and losses of:										
– A joint venture	(122)	0.0	(872)	0.0	–	–	–	–	–	–
– Associates	56,923	0.6	39,109	0.4	58,400	0.7	5,831	0.4	(14,479)	(1.0)
Loss before tax	**(910,002)**	**(9.6)**	**(2,076,248)**	**(23.5)**	**(1,369,022)**	**(15.4)**	**(763,668)**	**(58.4)**	**(752,597)**	**(54.4)**
Income tax (expense)/credit	(23,236)	(0.2)	6,416	0.1	17,924	0.2	7,327	0.6	8,211	0.6
Loss for the year/period	**(933,238)**	**(9.9)**	**(2,069,832)**	**(23.5)**	**(1,351,098)**	**(15.2)**	**(756,341)**	**(57.9)**	**(744,386)**	**(53.8)**

Non-IFRS Measures

To supplement our consolidated financial statements, we use adjusted net profit/(loss) (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), as additional financial measures, which are not required by, or presented in accordance with IFRS. However, our presentation of adjusted net profit/(loss) (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures as an analytical tool has limitations, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net profit/(loss) (non-IFRS measure) as profit/(loss) for the year/period adjusted by adding back share-based compensation expenses. The following table reconciles our adjusted net profit/(loss) (non-IFRS measure) for the year/period presented in accordance with IFRS, which is profit/(loss) for the year/period:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Reconciliation of loss for the year/period to adjusted net loss (non-IFRS measure)										
Loss for the year/period	**(933,238)**	**(9.9)**	**(2,069,832)**	**(23.5)**	**(1,351,098)**	**(15.2)**	**(756,341)**	**(57.9)**	**(744,386)**	**(53.8)**
Add:										
Share-based compensation expenses[(1)]	42,214	0.4	79,020	0.9	34,206	0.4	10,550	0.8	4,873	0.3
Adjusted net profit/(loss) (non-IFRS measure)	**(891,024)**	**(9.4)**	**(1,990,812)**	**(22.6)**	**(1,316,892)**	**(14.9)**	**(745,791)**	**(57.1)**	**(739,513)**	**(53.5)**

(1) Share-based compensation expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to management and key employees. Such expenses in any specific year/period are not expected to result in future cash payments.

We define EBITDA (non-IFRS measure) as profit/(loss) for the year/period, adjusted by adding back income tax expense/(credit), finance expenses, depreciation of property, plant and equipment, depreciation of right-of-use assets, and amortization of other intangible assets, and less bank interest income under other income and gains, net. We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure) adjusted by adding back share-based compensation expenses. The following table reconciles our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the year/period presented in accordance with IFRS, which is profit/(loss) for the year/period:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Reconciliation of loss for the year/period to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)										
Loss for the year/period	**(933,238)**	**(9.9)**	**(2,069,832)**	**(23.5)**	**(1,351,098)**	**(15.2)**	**(756,341)**	**(57.9)**	**(744,386)**	**(53.8)**
Add:										
Income tax expense/(credit)	23,236	0.2	(6,416)	(0.1)	(17,924)	(0.2)	(7,327)	(0.6)	(8,211)	(0.6)
Finance expenses	170,860	1.8	178,859	2.0	176,602	2.0	45,061	3.4	38,450	2.8
Depreciation of property, plant and equipment	144,897	1.5	138,438	1.6	124,273	1.4	30,088	2.3	30,804	2.2
Depreciation of right-of-use assets	89,176	0.9	82,839	0.9	67,326	0.8	17,922	1.4	15,678	1.1
Amortization of other intangible assets	702,096	7.4	988,162	11.2	1,232,108	13.9	306,239	23.4	345,420	25.0
Less:										
Bank interest income	104,817	1.1	67,462	0.8	42,902	0.5	14,018	1.1	8,697	0.6
EBITDA (non-IFRS measure)	**92,210**	**1.0**	**(755,412)**	**(8.6)**	**188,385**	**2.1**	**(378,376)**	**(28.9)**	**(330,942)**	**(23.9)**
Add:										
Share-based compensation expenses	42,214	0.4	79,020	0.9	34,206	0.4	10,550	0.8	4,873	0.3
Adjusted EBITDA (non-IFRS measure)	**134,424**	**1.4**	**(676,392)**	**(7.7)**	**222,591**	**2.5**	**(367,826)**	**(28.1)**	**(326,069)**	**(23.6)**

Revenue

The following table sets forth the breakdown of our revenue by product and service types for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cloud-based services	7,047,540	74.6	6,803,966	77.2	7,017,404	79.2	1,040,895	79.6	1,125,726	81.4
Software products	2,163,665	22.9	1,708,513	19.4	1,512,118	17.1	208,530	16.0	201,721	14.6
Others	231,333	2.5	304,950	3.4	332,745	3.7	57,800	4.4	55,196	4.0
Total	**9,442,538**	**100.0**	**8,817,429**	**100.0**	**8,862,267**	**100.0**	**1,307,225**	**100.0**	**1,382,643**	**100.0**

Cost of Sales

The following table sets forth the breakdown of our cost of sales by nature, both in absolute amounts and as a percentage of our total cost of sales, for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	2,633,304	55.0	2,686,595	56.4	2,390,415	52.1	520,207	62.6	509,041	63.7
Professional service costs	1,464,639	30.6	1,355,091	28.5	1,607,857	35.0	208,578	25.1	221,296	27.7
Costs related to procurement of public cloud resources	56,012	1.2	85,359	1.8	85,487	1.9	22,589	2.7	24,911	3.1
Travel expenses	275,056	5.7	239,407	5.0	176,242	3.8	10,659	1.3	8,987	1.1
Depreciation and amortization	147,218	3.1	130,526	2.7	91,969	2.0	24,702	3.0	6,425	0.8
Others	214,875	4.4	263,295	5.6	237,299	5.2	43,808	5.3	28,152	3.6
Total	**4,791,104**	**100.0**	**4,760,273**	**100.0**	**4,589,269**	**100.0**	**830,543**	**100.0**	**798,812**	**100.0**

In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our cost of sales was RMB4,791.1 million, RMB4,760.3 million, RMB4,589.3 million, RMB830.5 million and RMB798.8 million, respectively, accounting for 50.7%, 54.0%, 51.8%, 63.5% and 57.8% of our total revenue in the same periods, respectively. Our cost of sales as a percentage of our total revenue increased in 2024, primarily due to increased delivery costs and efforts to ensure a high-quality delivery experience for our Yonyou BIP product series. Our cost of sales as a percentage of our total revenue decreased in 2025 and in the three months ended March 31, 2026, as compared to the same period in 2025, primarily due to enhanced delivery efficiency and product maturity.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by product types for the periods indicated:

	For the year ended December 31,						For the three months ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cloud-based services	3,320,578	47.1	3,064,143	45.0	3,496,551	49.8	358,258	34.4	468,977	41.7
Software products	1,297,527	60.0	967,017	56.6	725,963	48.0	110,291	52.9	110,012	54.5
Others	33,329	14.4	25,996	8.5	50,484	15.2	8,133	14.1	4,842	8.8
Total	**4,651,434**	**49.3**	**4,057,156**	**46.0**	**4,272,998**	**48.2**	**476,682**	**36.5**	**583,831**	**42.2**

Net Profit/Loss

Our loss for the year increased from RMB933.2 million in 2023 to RMB2,069.8 million in 2024, primarily due to the decrease in revenue, mainly as the complexity of top-tier customers' operations slowed product implementation and delivery and constrained our ability to deliver products to new customers, and the increase in research and development costs, mainly attributable to depreciation and amortization of capitalized costs for developing and upgrading Yonyou BIP. Our loss for the year decreased to RMB1,351.1 million in 2025, and further decreased from RMB756.3 million in the three months ended March 31, 2025 to RMB744.4 million in the three months ended March 31, 2026, primarily due to (i) the increase in gross profit, driven by enhanced delivery efficiency and product maturity, and (ii) improved operating efficiency, reflected in lower operating expenses mainly resulting from workforce streamlining and organizational structure optimization.

Summary of the Consolidated Statements of Financial Position

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
Total non-current assets	12,598,679	13,125,564	13,152,487	13,145,864
Total current assets	12,922,362	11,031,272	8,478,792	7,986,643
Total current liabilities	11,122,052	12,365,043	11,212,880	12,047,606
Net current assets/(liabilities)	1,800,310	(1,333,771)	(2,734,088)	(4,060,963)
Total assets less current liabilities	14,398,989	11,791,793	10,418,399	9,084,901
Total non-current liabilities	2,595,627	1,992,317	1,170,442	578,446
Net assets	11,803,362	9,799,476	9,247,957	8,506,455
Non-controlling interests	1,650,962	1,552,872	1,649,393	1,611,010

Our net assets decreased from RMB11,803.4 million as of December 31, 2023 to RMB9,799.5 million as of December 31, 2024, primarily due to loss for the year of RMB2,069.8 million and shares repurchased of RMB261.1 million. Our net assets then decreased to RMB9,248.0 million as of December 31, 2025, primarily due to loss for the year of RMB1,351.1 million, partially offset by sales of treasury shares of RMB241.8 million. Our net assets then decreased to RMB8,506.5 million as of March 31, 2026, primarily due to loss for the period of RMB744.4 million and transaction with non-controlling interests of RMB24.1 million.

We had net current liabilities of RMB1,333.8 million as of December 31, 2024, compared to net current assets of RMB1,800.3 million as of December 31, 2023, primarily due to an increase of RMB1,297.3 million in interest-bearing bank loans and a decrease of RMB1,096.1 million in cash and cash equivalents.

Our net current liabilities increased from RMB1,333.8 million as of December 31, 2024 to RMB2,734.1 million as of December 31, 2025, primarily due to a decrease of RMB2,536.2 million in cash and cash equivalents as we partially repaid bank borrowings.

Our net current liabilities increased from RMB2,734.1 million as of December 31, 2025 to RMB4,061.0 million as of March 31, 2026, primarily due to (i) a decrease of RMB1,422.5 million in cash and cash equivalents in relation to the purchase of wealth management products to better utilize our cash on hand and (ii) an increase of RMB792.8 million in interest-bearing bank loans as we obtained more bank loans to support our business operation.

Summary of the Consolidated Statements of Cash Flows

	For the year ended December 31,			For the three months ended March 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Net cash flows from/(used in) operating activities	(90,499)	(273,648)	812,386	(1,022,483)	(1,005,060)
Net cash flows used in investing activities	(542,469)	(1,108,128)	(1,346,723)	(1,309,531)	(1,364,764)
Net cash flows from/(used in) financing activities	2,088,769	287,579	(2,002,893)	(434,502)	951,117
Net increase/(decrease) in cash and cash equivalents	1,455,801	(1,094,197)	(2,537,230)	(2,766,516)	(1,418,707)
Cash and cash equivalents at beginning of the year/period	5,294,235	6,752,939	5,656,857	5,656,857	3,120,651
Effect of foreign exchange rate changes, net	2,903	(1,885)	1,024	(1,181)	(3,784)
Cash and cash equivalents at end of the year/period	6,752,939	5,656,857	3,120,651	2,889,160	1,698,160

We recorded net cash flows used in operating activities of RMB90.5 million, RMB273.6 million, RMB1,022.5 million and RMB1,005.1 million in 2023, 2024 and the three months ended March 31, 2025 and 2026, respectively, primarily due to our loss before tax, increase in trade and bills receivables, decrease in other payables and accruals, and increase in contract assets. We recorded net cash generated from operating activities of RMB812.4 million in 2025, primarily due to our reduced loss before tax and increase in contract liabilities.

PATH TO PROFITABILITY

As we began to promote our new-generation cloud-based services, we experienced a period of revenue and profitability volatility. We incurred losses during the Track Record Period, primarily attributable to (i) unrealized benefits of developing and engaging with top-tier customers; (ii) continued efforts and investments on enhancing product maturity; (iii) significant upfront investment in R&D initiatives; and (iv) significant cost of sales and operating expenses incurred during our promotion of cloud-based services. We believe we can achieve revenue growth in the future through (i) seizing market potential; (ii) continuous innovation to build AI-driven product capabilities; and (iii) expanding customer base and deepening relationships with existing customers. We expect to increase our gross profit margin profile by (i) transformation of the delivery methods; (ii) enhancing standardized product offering; and (iii) deepening ecosystem collaboration. We will also continue optimizing our R&D as well as sales and administrative functions to support our long-term business growth.

SUMMARY OF MATERIAL RISK FACTORS

Our business and operations face risks including those set out in the section headed "Risk Factors." Some of the major risks that we face include: (i) market competition; (ii) economic and industry fluctuations; (iii) the pace of enterprise digital and intelligent transformation; (iv) customer retention and growth; (v) product and service quality; (vi) AI-related business, compliance and reputational challenges; (vii) R&D investment; and (viii) our historical financial performance. For details, see "Risk Factors."

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since 2001, our Company has been listed on the Shanghai Stock Exchange. Our Directors confirmed that, as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, Shanghai Stock Exchange or other PRC securities regulatory authorities.

We are applying for the [**REDACTED**] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test. Our Company seeks to [**REDACTED**] on the Hong Kong Stock Exchange to further advance our global expansion strategy, establish an international equity financing platform, better attract overseas [**REDACTED**] and talents, optimize our shareholding structure and enhance our overall competitiveness. See "Business — Our Growth Strategies" and "Future Plans and [**REDACTED**]" in this document for more details.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Beijing Yonyou Tech, a company directly owned as to 100% by Mr. Wang, held 921,161,630 Shares; (ii) Shanghai Yonyou Tech, a company directly and indirectly owned as to 85.15% by Mr. Wang, held 392,069,275 Shares, and (iii) Yonyou Institute, a company directly owned as to 79.64% by Mr. Wang, held 107,848,606 Shares. Therefore, as of the Latest Practicable Date, Mr. Wang, through Beijing Yonyou Tech, Shanghai Yonyou Tech and Yonyou Institute, is entitled to exercise the voting rights attached to approximately 41.86% of the voting rights of our Company (excluding the 21,855,792 A Shares held by our Company as treasury Shares). Immediately following completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised and no changes are made to the total issued share capital of our Company or the treasury Shares from the Latest Practicable Date to the [**REDACTED**], Mr. Wang, through Beijing Yonyou Tech, Shanghai Yonyou Tech and Yonyou Institute, will be entitled to exercise the voting rights attached to approximately [**REDACTED**]% of total issued share capital of our Company (excluding the 21,855,792 A Shares held by our Company as treasury Shares). Therefore, Mr. Wang, Beijing Yonyou Tech, Shanghai Yonyou Tech and Yonyou Institute are and will continue to be a group of Controlling Shareholders of our Company upon the [**REDACTED**].

DIVIDENDS

In 2023, 2024, 2025 and the three months ended March 31, 2026, we paid dividends of RMB251.5 million, RMB85.1 million, RMB52.1 million and nil, respectively. After the completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in

the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, business prospects, statutory and regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders may approve any declaration of dividends.

According to applicable laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous years; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' meeting. If we record profits in a given year and the ending balance of our undistributed profits is positive and our cash flow can meet our normal operation and sustainable development, we should distribute dividends in cash, and the profits distributed in cash should be no less than 10% of the distributable profits realized in the year. At the same time, our cumulative profits distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits achieved in the past three years.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this document. We currently intend to apply these [**REDACTED**] for the following purposes: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D of AI and other technologies, as well as product iteration; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**], for our global capabilities and system development; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**], for developing and upgrading collaboration platform for our ecosystem partners and an integrated intelligent customer operations platform; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for potential strategic investments and acquisitions; and (v) approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

[**REDACTED**] EXPENSES

[**REDACTED**] expenses consist of professional fees, [**REDACTED**] commissions and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] expenses of approximately HK$[**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] range and assuming the [**REDACTED**] is not exercised), which accounts for approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. We estimate the [**REDACTED**] expenses to consist of (i) approximately HK$[**REDACTED**] in [**REDACTED**] fees; and (ii) approximately HK$[**REDACTED**] in non-[**REDACTED**] fees, including (a) fees and expenses of legal advisers and accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. Among the total [**REDACTED**] expenses, approximately HK$[**REDACTED**] will be directly attributable to the [**REDACTED**] of our Shares, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining HK$[**REDACTED**] will be expensed in our consolidated statements of profit or loss and other comprehensive income.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We have maintained stable business operations and development since March 31, 2026, and our revenue, gross profit and gross profit margin improved in the six months ended June 30, 2026, as compared to the same period of 2025. Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since March 31, 2026, being the end date of the periods reported in Appendix I to this document; and there is no event since March 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document. The number of large and medium-sized enterprise customers for cloud-based services for the three months ended March 31, 2026 was 5,364 and 14,333, respectively, representing an increase from 4,994 and 11,639 for the three months ended March 31, 2025, respectively.