
RISK FACTORS

[REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to [REDACTED] in our H 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, results of operations, financial condition and growth prospects. In any such case, the [REDACTED] of our H 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. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we do not compete effectively, our business, financial condition and results of operations could be materially and adversely affected.

The global enterprise software and service market is highly competitive. There are approximately over 20 thousand providers in the global enterprise software and service market, ranging from comprehensive technology providers to specific solution providers. Our primary competitors include key players who provide enterprise software and services both in China and around the world, as well as potential new market entrants seeking to penetrate the market. Certain customers may choose not to switch vendors or adopt the cloud-based services and software products offered by us.

Some competitors may have advantages over us in operational scale, brand recognition, operating history, financial and human resources, and technological capabilities. Incumbent vendors may strengthen their market position through acquisitions, strategic alliances or organic development, while cloud-based and on-premises software vendors may offer products and services that overlap with ours. We may also face competition from companies in adjacent markets, potential customers developing proprietary software internally, and competitors collaborating with third parties to enhance technologies or consolidate resources.

If our competitors’ software products, services or technologies gain broader market acceptance, launch faster or offer better functionality than ours, our revenues, market share and growth prospects may be affected. Aggressive pricing by competitors could also allow them to expand customer bases and sales networks quickly, placing pressure on our pricing. If we cannot maintain competitive pricing amid heightened competition, we may experience lower sales volumes, compressed margins, operating losses or erosion of our competitive position, which could adversely affect our business, financial condition and results of operations.

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Economic downturns or industry-wide fluctuations and depressions may decrease the demand for our product and service offerings.

Adverse macroeconomic conditions may reduce economic activity, credit availability and business confidence, affecting industries to which we sell our cloud-based services and software products. During periods of economic slowdown or uncertainty, customers may delay or reduce spending on enterprise software and services, resulting in lower sales, prolonged sales cycles, shorter subscriptions, lower average customer spending and increased price competition. MSE and medium-sized customers may be particularly susceptible due to their relatively limited financial resilience and risk management capabilities. If a substantial number of customers experience financial distress or fail to sustain operations, our business, financial condition and results of operations could be materially and adversely affected.

If the process of enterprise digital and intelligent transformation develops more slowly than we expect, our business and financial performance may be adversely affected.

Enterprises’ digital and intelligent transformation in China remains at a relatively early stage, and market acceptance and adoption of such transformation and our products remain uncertain. Target customers may choose not to use our products due to cost concerns, limited awareness of product benefits, or changes in internet and internet infrastructure. We cannot assure you that adoption of our products will continue to grow. In line with our strategic focus, we are also investing in AI integration, but the uncertain pace and application of emerging technologies may increase research and development costs and execution risks. If our cloud-based services and software products fail to operate effectively with evolving technologies or meet customer expectations, our business, financial condition and results of operations could be materially and adversely affected.

We may fail to maintain and grow our customer base and keep our customers engaged.

To sustain our growth, we must continue to attract new customers, retain existing customers and increase their spending on our cloud-based services and software products. This requires us to understand customers’ evolving needs, launch new products and services in a timely manner and continuously improve existing offerings. Our customers are not required to renew purchases or maintain commercial relationships with us on our desired terms. If we fail to identify customer needs or deliver products and services that add value, customers may choose not to renew or increase spending. Customer purchases may also decline or fluctuate due to dissatisfaction with our products, services or pricing, or their inability to sustain operations and spending levels, which could adversely affect our business, financial condition and results of operations.

Any error, defect or failure in our cloud-based services and software products may harm our reputation and expose us to customer complaints and litigation.

Our cloud-based services and software products address increasingly complex customer requirements and may contain technological errors, defects, disruptions or security vulnerabilities that are difficult to detect and rectify, particularly when first introduced, delivered or upgraded. During the Track Record Period and up to the Latest Practicable Date, we had not encountered material technological errors, defects, service disruptions or security vulnerabilities or borne associated costs. However, if we fail to remedy such issues in a timely

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manner or deliver products and services on schedule, we may have difficulty fulfilling contractual obligations, leading to customer dissatisfaction, termination of business relationships or claims for damages. Contractual limitations of liability may not always be enforceable or sufficient to protect us from liabilities. Negative customer feedback or publicity, whether substantiated or not, could also damage our reputation and business prospects.

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

We have incorporated, and expect to continue to incorporate, AI and big data capabilities into our offerings, and their role in our business and operations may become more significant over time. However, we may not successfully develop or commercialize these innovations in a timely or effective manner. As an emerging technology, AI also presents risks relating to adoption, data practices, output accuracy, human rights, privacy, employment and other social matters. Inappropriate or controversial data practices, whether by us or others, or failure to timely detect or correct issues in our AI-powered products, could result in reputational harm, legal liability, additional costs or competitive harm.

The regulatory and legal framework for generative AI is evolving. Relevant PRC regulations impose requirements on deep synthesis and generative AI services, including restrictions on prohibited content and activities, algorithm governance, data security and personal information protection, and, where applicable, security assessment and filing obligations. We completed the filing procedures for our generative algorithm in February 2024. However, as these regulations are relatively new and their interpretation and implementation may change, we may be subject to additional security assessments, filings or compliance requirements. If we fail to comply with new requirements, complete necessary registrations or filings in a timely manner, or become involved in disputes relating to intellectual property or data security, our business, financial condition and results of operations could be materially and adversely affected.

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

We have allocated significant resources to the R&D of our cloud-based services and software products. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, we recorded research and development costs of RMB2,106.5 million, RMB2,121.8 million, RMB2,285.5 million, RMB559.8 million and RMB579.2 million, respectively, accounting for 22.3%, 24.1%, 25.8%, 42.8% and 41.9% of our total revenue in the same periods, respectively. We also capitalized certain development costs in relation to Yonyou BIP. As of December 31, 2023, 2024, 2025 and March 31, 2026, we capitalized research and development expenditure of approximately RMB1,610.3 million, RMB1,432.1 million, RMB1,202.3 million and RMB264.2 million, respectively. These investments may impact our profitability in the short term, and there is no guarantee that our R&D efforts will be fruitful. If we are unable to generate a sufficient return on our investment in R&D, our ability to attract investors and maintain our market position may be adversely affected.

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We incurred losses during the Track Record Period, and we may not be able to increase profitability in the future.

We recorded loss for the year/period 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. We intend to continue investing in product expansion, sales and marketing capabilities, new industry verticals and geographical markets, and technology upgrades. These initiatives may require more resources than expected, and revenue growth may not be sufficient to offset increased operating expenses. It is also difficult to predict market size and growth, customer demand, renewal and retention rates, and our cost and expense structure. If we cannot generate sufficient revenue or effectively manage costs and expenses, we may not be able to improve profitability or liquidity.

We may fail to effectively maintain, promote and enhance our brand.

If we fail to maintain and provide high-quality products, or if market perception or negative publicity suggests that we do not do so, our reputation and ability to attract new customers may be harmed. Decisions relating to regulatory compliance, user privacy and other matters, as well as media, legislative or regulatory scrutiny of our business or our directors, employees, contractors or vendors, could also affect our brand image. As competition intensifies, brand recognition and differentiation will become increasingly important, and successful brand promotion will depend in part on the effectiveness of our marketing efforts. We intend to continue investing in brand awareness and customer engagement, but such spending may not lead to sufficient revenue growth to offset the related expenses. If we fail to maintain and enhance our reputation and brand recognition, our business, financial condition and results of operations could be adversely affected.

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

Overseas expansion is an important part of our growth strategy. Our overseas revenue was RMB204.4 million, RMB218.2 million, RMB303.9 million, RMB34.9 million and RMB76.0 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 2.2%, 2.5%, 3.4%, 2.7% and 5.5% of total revenue. We have explored, and plan to continue exploring, overseas market opportunities, and intend to work with reputable sales and professional service partners to expand the global reach of our products and services. However, overseas expansion exposes us to additional risks, including adverse tax treatment, changes in political, cultural or economic conditions, differing licensing and regulatory requirements, uncertain credit policies, difficulties in contract enforcement, reduced intellectual property protection, tariffs and trade barriers, foreign exchange fluctuations, compliance with overseas tax, data privacy, employment, immigration and labor laws, and business interruptions caused by trade tensions, geopolitical conflicts, war or terrorism. Any of these risks could materially and adversely affect our business, financial condition and results of operations.

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Breaches to our security measures may adversely affect and reduce the use of our cloud-based services and software products.

Breaches of our security measures, including computer viruses and cyberattacks, may damage our cloud-based services and software products, disrupt business activities, cause unauthorized access to or disclosure of confidential or sensitive information, and interrupt access to our offerings. During the Track Record Period and up to the Latest Practicable Date, we had not encountered material incidents of unauthorized access to customer data, computer viruses or cyberattacks. However, our security measures may be breached or compromised due to product or service defects, third-party actions, employee error, malfeasance or other causes. Any such breach may cause customers to perceive our products and services as insecure, reduce or discontinue their use, and expose us to significant legal and financial liabilities and remediation costs. If such incidents occur or are highly publicized, our reputation and brand may be damaged, which could materially and adversely affect our business, financial condition and results of operations.

We may fail to keep pace with technological developments and evolving customer and regulatory requirements.

Our ability to retain existing customers and attract new ones depends on our ability to deliver timely enhancements, new features and innovative applications that improve product functionality and align with industry trends. Our products also cover functions such as finance, tax, funding and human resources, requiring continuous updates to adapt to evolving laws and regulations. If we fail to anticipate or respond to technological changes, market shifts, customer preferences or regulatory developments, demand for our products may decline, customer satisfaction may decrease, pricing and competitive pressures may increase, and certain offerings may become obsolete. The success of enhancements and new features also depends on factors beyond our control, including timely development, introduction and market acceptance. If we cannot provide enhancements and new features that achieve market acceptance, keep pace with technological developments or adapt to regulatory changes, our business, financial condition and results of operations could be materially and adversely affected.

We rely on third-party cloud infrastructure, and any disruption, capacity limitation or interference with our use may adversely affect our business.

We offer flexible deployment across public and private cloud environments and rely on various third-party cloud infrastructure providers. During the Track Record Period and up to the Latest Practicable Date, we had not encountered material disruptions arising from these providers, capacity limitations or interference with our use. However, we do not control, or have limited control over, their facilities, technologies or pricing. Any capacity limitation, performance degradation or infrastructure failure could impede our ability to onboard new customers, expand usage by existing customers or serve customers. Cloud infrastructure may also be affected by cyberattacks, natural disasters, power outages, telecommunications failures, contagious disease outbreaks, terrorist attacks or other events beyond our control. If relevant

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service agreements are terminated, services are interrupted or facilities are damaged, we may incur significant costs, delays or platform access interruptions in switching providers or re-architecting our platform, which could materially and adversely affect our business, financial condition and results of operations.

Our historical financial performance may not be indicative of future results, and failure to manage our growth or execute our strategies may adversely affect our business and prospects.

In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our revenue was RMB9,442.5 million, RMB8,817.4 million, RMB8,862.3 million, RMB1,307.2 million and RMB1,382.6 million, respectively; gross profit was RMB4,651.4 million, RMB4,057.2 million, RMB4,273.0 million, RMB476.7 million and RMB583.8 million, respectively; and losses were RMB933.2 million, RMB2,069.8 million, RMB1,351.1 million, RMB756.3 million and RMB744.4 million, respectively. We cannot assure you that we will improve our financial performance or return to profitability, as our results may fluctuate due to uncertainties in product launches and iterations, intensified competition and other factors beyond our control. [REDACTED] should not rely on our historical results as an indication of future performance.

Our revenue is generated from subscription fees, license fees, implementation, product support and maintenance services. As our revenue composition evolves, changes in sales, market acceptance, pricing policies or renewal rates may affect our results and margins and may not be fully reflected until future periods. We may also be unable to adjust our cost structure in line with revenue changes. In addition, investments in new products, services and technologies may place pressure on our managerial, operational, financial and human resources. If our personnel, systems, procedures and controls are not adequate to support future operations, we may fail to manage growth or execute our strategies effectively, which could materially and adversely affect our business, financial condition and results of operations.

We may fail to effectively develop our sales and marketing capabilities.

Our ability to grow our customer base and achieve broader market acceptance depends largely on the effectiveness and scalability of our sales and marketing efforts. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our sales and marketing expenses were RMB2,742.9 million, RMB2,621.7 million, RMB2,442.6 million, RMB454.9 million and RMB449.0 million, respectively, representing 29.0%, 29.7%, 27.6%, 34.8% and 32.5% of total revenue. We cannot assure you that these investments will sufficiently expand our customer base or improve customer stickiness. We have also invested, and plan to continue investing, significant resources in expanding our sales network, including sales partners. If our sales and marketing initiatives do not achieve the desired results, or if we fail to effectively expand or manage sales partners, our business, financial condition and results of operations may be adversely affected.

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We are subject to risks arising from collaboration with sales partners and professional service partners.

We rely on sales partners and professional service partners to promote and implement our cloud-based services and software products. If they fail to perform in accordance with our standards, the quality of our products and services may be affected. During the Track Record Period and up to the Latest Practicable Date, we had not encountered material misconduct by such partners. However, they may engage in misconduct, including unauthorized misrepresentations, misappropriation of third-party intellectual property or proprietary rights, misuse of sensitive personal information, bribery or other unlawful payments. Such conduct may result in complaints, reputational damage, customer loss, liabilities or costly litigation, regardless of whether the claims are founded. In addition, if we cannot promptly collect transaction data between sales partners and end users, we may lack insights into business performance and be less able to make informed business decisions, which could adversely affect our business, financial condition and results of operations.

We may be involved in disputes arising from our operations.

We may face disputes with customers, suppliers, business partners, employees or other third parties. These disputes may arise from issues related to our products and services, intellectual property rights, contracts, labor relations, or other matters, and may lead to legal proceedings, administrative investigations or arbitration. For instance, during the Track Record Period, we assisted customers in settling cooperation fees with their business partners. At their request, we withheld individual income taxes on the relevant fees received by these partners. Local tax authorities later informed us of under-withheld taxes, prompting us to make the necessary supplementary payments on behalf of the business partners. As of the Latest Practicable Date, no administrative penalties had been imposed. If local tax authorities identify further tax under-withholding, we will promptly make the required payments and/or recover them from the business partners. Based on the above, our PRC Legal Advisors are of the opinion that the likelihood that we may be subject to material administrative penalty in this regard is relatively low. We may not be able to successfully defend against such legal or administrative claims at all times, and such disputes or legal and administrative procedures against us may be time-consuming, costly, and may harm our reputation. Such disputes or legal proceedings may distract management, disrupt our operations, and result in negative publicity, which may adversely affect our business and financial performance. Moreover, customer complaints or negative reviews may harm our reputation and lead to reduced demand for our product offerings. If we are unable to effectively manage these risks, our business and financial performance may be materially and adversely affected.

We have limited insurance coverage, and uninsured claims may result in substantial costs and resource diversion.

We maintain insurance policies that we believe are customary in our industry and required under applicable laws and regulations. However, these policies may not adequately cover all risks relating to our business operations. Consistent with customary PRC practice, we maintain

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insurance for fixed assets and inventory, but do not carry business interruption, product liability or litigation insurance. If we incur substantial losses or liabilities not covered by insurance, we may suffer significant costs and resource diversion, which could materially and adversely affect our financial condition and results of operations.

We depend on senior management and highly skilled employees, and loss of key personnel may adversely affect our business.

We do not have employment or other written agreements requiring our executive officers or other key personnel to remain with us for any specified period, and they may terminate employment with us at any time, subject to applicable PRC laws and regulations. We cannot assure you that our senior management composition or responsibilities will remain unchanged. To execute our growth plan, we must also attract, retain and motivate qualified personnel with diverse expertise, but competition for such talent is intense. We have experienced, and expect to continue experiencing, difficulties in hiring and retaining qualified employees, including in desired geographic areas, and immigration, travel or visa restrictions may limit international recruitment. If we fail to attract new personnel or retain existing employees through competitive compensation, company culture and career development opportunities, our business, financial condition and results of operations could be materially and adversely affected.

We may fail to implement our growth strategies or manage our growth effectively.

We intend to empower customer success, advance ecosystem collaboration, expand globally, accelerate AI adoption, enrich our product functions and portfolio, and drive delivery innovation. However, implementing these plans requires appropriate capital allocation, adequate human resources and effective operational management. Continued expansion may increase business complexity, and we may fail to realize our plans on the expected timetable due to operational challenges or risks beyond our control. If we fail to implement our growth strategies or manage growth effectively, our ability to capture new opportunities and maintain our competitive edge may be hindered, which could materially and adversely affect our business, financial condition and results of operations.

We may not be able to obtain, maintain or renew all the permits, licenses, certificates and other regulatory filings required for our business in the future.

If we fail to obtain, maintain or renew the permits, licenses and certificates required for our business, our operations may be disrupted. The licenses and permits we currently hold may also become insufficient due to new laws, regulations or regulatory changes, which may limit business expansion or subject us to fines, penalties or other regulatory actions. These approvals are subject to periodic review and renewal, and evolving compliance standards may increase related complexity and costs. As our business develops, we may need additional approvals, permits or licenses, and failure to obtain them in a timely manner may delay or restrict our expansion plans, which could materially and adversely affect our business, financial condition and results of operations.

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Failure to comply with the PRC regulations regarding contribution of social insurance premium and housing provident fund may subject us to fines and other legal or administrative penalties.

According to the Social Insurance Law, the Regulations on the Administration of Housing Provident Funds and other applicable PRC regulations, any employer operating in China must contribute social insurance premium and housing provident funds for its employees. During the Track Record Period, social insurance and housing provident fund contributions for some of our employees had not been made in full in accordance with the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, any failure to make timely and adequate contribution may trigger an order of correction from a competent authority requiring the employer to make up the full contribution of such overdue social insurance premium or housing provident funds within a specified period of time, or to pay a late fee in relation to the social insurance, and the competent authority may further impose fines in relation to the social insurance. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident fund contributions. As advised by our PRC Legal Advisors, the risk that we would be subject to material administrative penalties by relevant regulatory authorities due to our failure to provide full social insurance and housing provident fund contributions is remote. However, we cannot assure you that the competent authority will not require us to make contribution of overdue social insurance premium or housing provident funds, or to pay any late fee or penalty in relation to the social insurance. This in turn may adversely affect our financial condition and results of operations.

In addition, according to the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases, where the employer and the employee agree, or where the employee promises the employer, that there is no need to make social insurance contributions, the court shall determine that such agreement or promise is invalid. Our PRC Legal Advisors are of the view that such interpretation does not repeal or revise the social insurance laws and regulations currently in force in the PRC, and would not cause us to undertake additional social insurance exposure. However, as PRC labor laws and regulatory guidance continue to evolve, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal fees.

During the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds for certain of our employees. We have such arrangements primarily because these employees worked outside of the cities where our operating entities are registered, and third-party human resources agencies were engaged to pay social insurance premium and housing provident funds for these employees to accommodate their preferences for participating in social insurance and housing provident fund schemes in cities where they worked. Pursuant to the agreements entered into between our Company or our relevant PRC subsidiaries and such third-party human resources agencies, such human resources agencies have the obligation to pay social insurance premium and housing provident funds for our relevant employees. As of the Latest Practicable Date, none of the third-party

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human resources agencies that we cooperate with had failed to pay or delayed in paying any social insurance premium and housing provident fund contributions for our employees, and none of us or our PRC subsidiaries had been subject to any administrative penalty in relation to such agency arrangements. However, if such human resources agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required by applicable PRC laws and regulations in the future, and if the relevant competent government authority takes the view that this third-party agency arrangement does not satisfy the requirements under the relevant PRC laws and regulations, we may be subject to additional contributions, late payment fees and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social insurance or housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

Our rights to use our major leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may result in a disruption of our operations and subject us to penalties.

As of the Latest Practicable Date, three of the properties leased by our Company and our Major Subsidiaries from third parties with a GFA of over 500 square meters had title defects, because the relevant lessors had not provided us with valid title certificates or relevant authorization documents evidencing the right to lease the property to us. As a result, the lease may not be valid, and we may not be able to continue to use such property if the lessor’s right to lease such property is challenged by any third party or government authorities. Further, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party or government authorities, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

As of the Latest Practicable Date, we had not completed the administrative filings of certain lease agreements. The government authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. It is not clear under PRC laws if the fine will be borne by the lessor or the lessee. According to applicable PRC laws and regulations, lessors of the related lease agreements need to provide us with certain documents (such as their business licenses or identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings. If we fail to complete the administrative filings for all non-registered leases within the period specified by the relevant government authorities, and the relevant authorities determine that we shall be liable for failing to complete the administrative filings of all the relevant lease agreements, we might be subject to a fine.

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Our intellectual property rights are critical to our success, and infringement or failure to protect them may adversely affect our business.

We protect our intellectual property rights through copyright, trademark and other intellectual property laws, as well as confidentiality and licensing arrangements with employees, suppliers and customers for unpatented proprietary information and technologies, including trade secrets and confidential information. As of March 31, 2026, we owned over 4,400 software copyrights, patents and registered trademarks. Failure to register, maintain or enforce material intellectual property rights may affect our business operations. In addition, protecting trademarks, copyrights, domain names, patents and other intellectual property rights is costly and difficult. In 2023, 2024, 2025 and the three months ended March 31, 2026, our costs for the application, maintenance and protection of intellectual property rights were RMB7.1 million, RMB5.4 million, RMB5.0 million and RMB0.7 million, respectively. We cannot assure you that our protection efforts will be sufficient or effective, and our intellectual property rights may be infringed, misappropriated, challenged, narrowed in scope or declared invalid or unenforceable, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to IP infringement claims by third parties.

Third parties may claim that our business infringes or violates their patents, copyrights or other intellectual property rights, or that we have engaged in unfair trade practices, whether or not such claims are valid. Any claims or litigation could be costly, time-consuming and distracting to management and key personnel. If successfully asserted, such claims may require us to pay damages, royalties, indemnification or settlement costs, obtain licenses, modify applications, refund fees, stop offering certain cloud-based services or software products, or accept other unfavorable terms, which could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations in our business, financial position and results of operations. We tend to generate higher revenues and collect more receivables near the end of first half year and year end, as we typically complete service delivery at year end, and demand for our products typically increases during the second and fourth calendar quarters when customers review their financial performance against semi-annual or annual budgets. For these reasons, comparing our operating results for different periods or financial position as of different periods may not be meaningful, and you should not rely on our past results as an indication of our future performance.

Unsatisfactory performance by or unavailability of outsourced service providers may adversely affect our financial performance and reputation.

During the Track Record Period, we outsourced certain operations and product delivery work to third-party service providers. In 2023, 2024, 2025 and the three months ended March 31, 2026, our professional service costs, representing service fees paid to such providers, were RMB1,464.6 million, RMB1,355.1 million, RMB1,607.9 million and RMB221.3 million,

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respectively. Outsourcing exposes us to risks, including delayed or substandard performance, shortages of qualified service providers, and reduced oversight compared with our own employees. If outsourced service providers fail to meet expected standards, we may incur additional costs and time to supervise or rectify their work, face customer claims, or be held liable for their misconduct, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks in relation to negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners.

We, our Shareholders, Directors, officers, employees and business partners may be subject to negative media coverage or publicity. Such negative coverage in the media and publicity could threaten the perception of our reputation as a reliable and trustworthy enterprise software and intelligent services provider. In addition, to the extent our employees and business partners were noncompliant with any laws or regulations, we may also suffer associated negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may be unable to take remedial measures to the satisfaction of our investors and customers.

We may be the subject of unfair competition, harassment, or other detrimental conduct by third parties.

We may be the subject of unfair competition, harassment, or other detrimental conduct by third parties. Such conduct includes hostile complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, whether substantiated or not, may be disseminated by anyone. The occurrence of any of these events may harm our reputation, and in turn may cause us to lose customers and revenue.

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

We may from time to time enter into strategic alliances or investments, including joint ventures and minority equity investments. As of December 31, 2023, 2024, 2025 and March 31, 2026, our equity investments at fair value through other comprehensive income were RMB30.0 million, RMB29.3 million, RMB36.1 million and RMB36.1 million, respectively, and our financial assets at FVTPL were RMB1,255.4 million, RMB1,005.2 million, RMB805.8 million and RMB1,824.4 million, respectively. These alliances and investments may expose us to risks, including sharing proprietary information, third-party non-performance, increased costs and limited ability to monitor or control third-party actions. Negative publicity or reputational harm involving strategic partners may also affect us by association.

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We may also acquire businesses, platforms, assets or technologies to expand our product offerings, customer coverage, and technology and service capabilities. Future acquisitions and integration may require significant management attention, divert resources from existing operations, fail to generate expected financial results, or involve substantial cash use, dilutive equity issuances, goodwill impairment, amortization expenses, unknown liabilities or successor liability. Due diligence may not identify all liabilities, and contractual guarantees or indemnities from sellers may not fully protect or compensate us. Identifying and completing investments may also involve significant costs, shareholder approval, government approvals or licenses, and compliance with applicable PRC laws and regulations, causing delays and additional costs. If acquired businesses or their management teams fail to perform as expected, our business, financial condition and results of operations could be materially and adversely affected.

We incurred net current liabilities and net operating cash outflows during the Track Record Period.

We recorded net current liabilities of RMB4,061.0 million as of March 31, 2026, mainly attributable to interest-bearing bank loans. We also recorded net operating cash outflows of RMB90.5 million and RMB273.6 million in 2023 and 2024, respectively, before turning to net operating cash inflow of RMB812.4 million. We recorded net operating cash outflows of RMB1,022.5 million and RMB1,005.1 million in the three months ended March 31, 2025 and 2026, respectively. During the Track Record Period, we made substantial initial investments in customer acquisition and technology development to drive market acceptance of our cloud-based services and software products, resulting in significant operating expenses. We cannot assure you that business activities or factors beyond our control, including market competition and macroeconomic changes, will not adversely affect our working capital or lead to net current liabilities or net operating cash outflows in the future.

We have funded our operations primarily through cash generated from operations, bank borrowings and equity financing. We may require additional capital to respond to market opportunities, challenges or unforeseen circumstances, and may not be able to secure debt or equity financing on favorable terms, or at all. Debt financing may involve restrictive covenants that limit our capital raising, operations or ability to pursue business opportunities, including acquisitions. Equity or convertible securities financing may dilute existing Shareholders and involve rights senior to those of existing Shareholders. If we cannot obtain adequate financing when needed, our ability to grow, support our business or respond to market changes may be limited, which could materially and adversely affect our business, financial condition and results of operations.

We are exposed to credit risk in relation to our customers, and the recoverability of our contract assets and trade and bills receivables is subject to uncertainties.

We are subject to the credit risk in relation to our customers. If any of our customers runs into financial difficulties or we have disputes with our customers, we may not be able to receive payments in a timely manner or at all. Our trade and bills receivables were RMB2,661.4 million, RMB2,586.0 million, RMB2,420.2 million and RMB2,358.2 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. In addition, we record contract assets, which represent our rights to receive consideration for obligations partially

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performed and not yet billed in relation to our software implementation and development services. Contract assets are transferred to trade and bills receivables when the rights to receive consideration become unconditional. Our contract assets were RMB881.5 million, RMB864.9 million, RMB959.7 million and RMB1,025.9 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. We recorded allowance for credit losses of RMB148.7 million, RMB202.4 million, RMB309.3 million and RMB322.1 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. We cannot assure you that we will be able to recover all or any part of the amounts due from our customers within the agreed credit terms or at all. If we fail to collect such payments at the end of the agreed credit terms, it may take longer than our average trade receivable turnover days for us to collect payments and our provisions for payments in arrears and losses may increase. Any material delay in payment or non-payment by our customers may materially and adversely affect our business, results of operations, and financial condition.

We may be exposed to liquidity risk due to a prolonged cash conversion cycle.

We had recorded relatively long inventory turnover days and trade and bills receivables turnover days, which may lead to delays in converting our business growth into cash. Our cash conversion cycle, calculated by adding inventory turnover days and trade and bills receivables turnover days and subtracting trade payables turnover days, was 66.2 days, 64.6 days, 41.0 days and 59.8 days for the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. The decrease in cash conversion cycle from 2023 to 2025 was primarily attributable to our strengthened management of trade receivables collection, together with more favorable payment terms negotiated with our suppliers as a result of our enhanced bargaining power. Our cash conversion cycle then increased to 59.8 days for the three months ended March 31, 2026, primarily due to the seasonal nature of our business, as acceptance and payment collection from large enterprise customers are typically concentrated in the second half of the year. Our efforts to improve the collection of trade and bills receivables and the turnover days may not be successful and if our inventory turnover days and our trade and bills receivables turnover days continue to increase or remain relatively high, it may lead to a longer cash conversion cycle, which may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

We may fail to fulfill our obligations in respect of contract liabilities.

As of December 31, 2023, 2024, 2025 and March 31, 2026, our contract liabilities, primarily comprising advances received from customers to deliver our cloud-based services, were RMB2,806.4 million, RMB3,053.5 million, RMB3,417.7 million and RMB3,401.2 million, respectively. See “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Contract Liabilities.” If we fail to fulfill our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, which may adversely affect our cash flow and liquidity condition.

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Any discontinuation, reduction or delay of the government grants, tax refund, or preferential tax treatments may have a material and adverse impact on our business.

In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, we recorded government grants and other tax refunds of RMB124.4 million, RMB47.0 million, RMB72.7 million, RMB8.1 million and RMB13.3 million, respectively. Government grants provided to us are mainly to support technological R&D and industrial advancement, which are generally non-recurring in nature. In addition, our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and certain of our subsidiaries in Chinese Mainland were qualified as high-tech enterprises, and they were entitled to a preferential income tax rate of 15% during the Track Record Period. We cannot assure you that we will continue to receive such government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatment, in which case our business, financial condition and results of operation may be materially and adversely affected.

Fluctuations in the changes of financial assets at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs may adversely affect our financial results.

For investments underlying our financial assets at fair value through profit or loss with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. Some valuation inputs require management estimates and assumptions, which are adjusted if necessary. Should any of the estimates and assumptions be changed, it might lead to a change in the fair value of the financial assets. While we recorded a net fair value gain on financial assets at fair value through profit or loss of RMB145.9 million and RMB3.5 million in 2025 and the three months ended March 31, 2026, respectively, our net fair value losses on financial assets at fair value through profit or loss were RMB4.5 million and RMB73.2 million in 2023 and 2024, respectively. The fair value of our financial assets at fair value through profit or loss are subject to other factors beyond our control. We cannot assure you that market conditions and regulatory environment will result in fair value gains and we will not incur any fair value losses on our investments underlying financial assets at fair value through profit or loss in the future.

Share-based compensation may have a material adverse effect on our financial performance and cause shareholding dilution to our existing Shareholders.

We adopted share incentive plans for the benefit of our senior management and core employees, among others, as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company. In 2023, 2024, 2025 and the three months ended March 31, 2026, we recorded share-based compensation of RMB42.2 million, RMB79.0 million, RMB34.2 million and RMB4.9 million, respectively. To incentivize our senior management and core employees, among others, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based compensation may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based compensation may also increase our operating expenses and therefore have an adverse effect on our financial performance.

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

As of December 31, 2023, 2024, 2025 and March 31, 2026, our deferred tax assets were RMB68.3 million, RMB86.9 million, RMB88.1 million and RMB93.8 million, respectively. Deferred tax assets relating to certain temporary differences and tax losses are recognized when we consider it is probable that the future taxable profit will be available against which the temporary differences or tax losses can be utilized. However, the outcome of their actual utilization may be different. While the deferred tax assets may enable us to reduce future tax payments, our deferred tax assets may also represent a risk to us as our ability to utilize such deferred tax assets depends on our ability to generate future taxable profit. We cannot assure you that our deferred tax assets can be recovered in the future. In the case that the value of our deferred tax assets is changed, we may have to record write-downs of the deferred tax assets, which may materially and adversely affect our financial condition and results of operations.

We may incur impairment losses with respect to our goodwill and other intangible assets in the future.

Our goodwill, representing the premium over the fair value of identifiable net assets acquired through company acquisitions, amounted to RMB1,674.7 million, RMB1,518.8 million, RMB1,495.9 million and RMB1,495.9 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. Our other intangible assets, primarily comprising software copyrights and deferred development costs in relation to the capitalization of qualified development expenditures, amounted to RMB3,617.9 million, RMB4,064.3 million, RMB4,039.7 million and RMB3,958.6 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. In 2024 and 2025, we recorded impairment of RMB155.8 million and RMB22.9 million of goodwill, respectively, which had been recorded in our consolidated statements of profit or loss. We cannot assure you that we will not continue to recognize such impairment losses in the future. Impairment losses could arise from various factors such as a decrease in the future utility of our software copyrights due to industry advancements that render them obsolete or less useful. Moreover, an economic downturn affecting our sectors could necessitate a re-evaluation of the carrying value of both our goodwill and other intangible assets. Should any such impairments be recognized, our business, financial condition and results of operations could be materially and adversely affected.

We have investments in associates and a joint venture, and our financial condition and results of operations may be affected by the fluctuation of share of results of such investments.

We recorded investments in associates of RMB2,823.0 million, RMB2,810.4 million, RMB2,727.2 million and RMB2,712.8 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively, and investment in a joint venture of RMB9.9 million, RMB8.3 million, nil and nil as of the same dates, respectively. These investments primarily represented equity interests in entities under joint control or significant influence, but may not generate profits. We recorded share of profits of associates of RMB56.9 million, RMB39.1 million, RMB58.4 million, RMB5.8 million and share of losses of associates of RMB14.5 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, and share of losses of a joint venture of RMB122 thousand, RMB872 thousand, nil, nil and nil in the same periods, respectively.

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Our investments in associates and a joint venture may not achieve the intended results and are subject to liquidity risks, as cash returns depend on dividends and we may not be able to promptly sell our interests on acceptable terms in response to changing economic, financial or investment conditions. We may also make future investments in associates or joint ventures, which may involve risks such as increased cash requirements, additional indebtedness and contingent or unforeseen liabilities. If these investments do not perform as expected or cannot be disposed of on acceptable terms, our business, financial condition and results of operations could be materially and adversely affected.

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

Our business may be adversely affected by the threat of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought; the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, Ebola, Zika, COVID-19; and operational disruptions, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, as well as potential wars or terrorist attacks. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

We may incur additional costs to address any ESG risks.

We may incur additional costs to identify, manage and mitigate ESG risks. Given the nature of our business, we do not generate material emissions or waste or involve heavy pollution. However, we monitor indicators such as power consumption, greenhouse gas emissions and water consumption to manage environmental and climate-related risks, and are committed to supporting a safe, comfortable and inclusive workplace. These efforts may increase costs and affect profitability. In addition, increasing ESG-related regulatory requirements, including disclosure mandates in jurisdictions where we operate, may raise compliance costs and cost of sales. Failure to adapt to new regulations or meet evolving industry expectations may cause customers to choose competitors’ products and services, which could materially and adversely affect our business, financial condition and results of operations.

Certain equity interests of our Controlling Shareholders are charged as security interests.

As of the Latest Practicable Date, our Controlling Shareholders had collectively pledged 548,870,000 A Shares, representing approximately 16.06% of the total issued share capital of our Company, as security for financing obtained from certain PRC financial institutions. See “Substantial Shareholders.” Under applicable PRC regulations, including the Overseas Listing Trial Measures issued by the CSRC, an issuer may be restricted from conducting an overseas offering if its controlling shareholder or shareholders under its control hold shares of the issuer that are subject to significant ownership disputes. If an event of default occurs, include, among

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others, non-repayment, misrepresentation and breach of certain covenants under the relevant financing arrangements, the lenders may be able to enforce their rights against our Controlling Shareholders, including enforcing their rights against all of the pledged shares in our Company through legal proceedings. In such event, our Controlling Shareholders may no longer be able to maintain the current level of interest in our Company, which may adversely affect our Company.

RISKS RELATING TO GOVERNMENT REGULATIONS

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

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. In the geographic markets where we operate, many laws and regulations may come into effect successively or be considered applicable to us, which may affect our business operations. Scrutiny and regulations of the industry in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations.

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

As we conduct our business operations primarily in China, as well as certain overseas markets, our business, financial condition, results of operations and prospects could be affected by local economic, social, and legal policies. In addition, with the social development, the relevant laws, rules and regulations may be amended from time to time, and their interpretation and implementation will be determined accordingly. Any of the foregoing, including non-compliance with any existing or new laws, rules and regulations, would materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to various laws and regulations, and failure to comply with these laws and regulations could materially and adversely affect our business, financial condition and results of operations.

Our operations are governed by relevant laws and regulations in China and other jurisdictions where we operate, and we are required to comply with all relevant requirements and standards, which may entail significant costs and considerable effort. In addition, the introduction of new laws and regulations or changes to these laws and regulations can impose additional compliance costs, reduce our revenue and require us to change our operations to ensure compliance or otherwise affect our business. We are also subject to governmental oversight and regulation by relevant PRC and overseas governmental authorities, which promulgate and enforce regulations that may affect our operations, including the scope of permissible business activities, licenses and permits for various business activities and overseas investments. As our A Shares are listed on the Shanghai Stock Exchange, we are

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additionally required to comply with its listing rules, which further govern our business practices. If we fail to comply with the listing rules of the stock exchanges where our Shares are listed, we may be unable to meet the conditions for securities issuance and our ability to secure market financing could be hindered. Such disruptions could materially and adversely affect our business, financial condition and operational results.

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

Our business involves data processing activities, including data collection and storage. Theft, loss or misuse of data collected, used, stored or transferred in our business may increase business and security costs, expose us to legal claims, data breach notification obligations, fines, penalties and damages, and harm our reputation. We are subject to laws governing the collection, use, retention, protection and transfer of personal information in China and overseas, which may also restrict transfers between us and our overseas subsidiaries. Compliance with evolving overseas requirements may increase costs or require changes to our business practices. We have adopted data security measures, including encryption during data transmission and storage, data classification and risk-based management, strict access controls and usage policies, and a dedicated information security management department. However, these measures may be compromised by system failures, interruptions, inadequacies, security breaches or cyberattacks. If we fail to address actual or alleged privacy or data protection issues, our reputation may be damaged, customers may be deterred from using our products, and we may face proceedings by governmental authorities or others, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to regulatory requirements over foreign currency conversion and remittance.

We receive a majority of payments from our operations in Chinese Mainland in Renminbi and may need to convert Renminbi into other currencies for payment of dividends, if any, to holders of our Shares, and to fund our business activities outside of Chinese Mainland. The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of Chinese Mainland are subject to certain regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends or other payments, or otherwise fulfill our foreign currency denominated obligations. Prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Any existing and future requirements on currency exchange may limit our ability to fund any future business activities that are conducted in foreign currencies.

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Our global operations are subject to risks arising from international trade and investment policies, export control restrictions and sanction laws and regulations.

In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our revenue from overseas markets was RMB204.4 million, RMB218.2 million, RMB303.9 million, RMB34.9 million and RMB76.0 million, respectively, representing 2.2%, 2.5%, 3.4%, 2.7% and 5.5% of our total revenue in the same periods, respectively. Adverse developments in geopolitics, including tariffs, investment laws, international trade policies, import and export restrictions and sanctions may negatively affect our operations.

International trade and tariffs

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes in trade policies, treaties and tariffs, or the perception that these changes may occur, could adversely affect our business, financial condition and results of operation. For instance, political developments have at times heightened tensions between countries, such that different countries have to formulate measures in response to new trade policies, treaties and tariffs. These measures may further escalate the tension between the countries or even lead to a trade war, which could negatively impact the global economy as a whole. Moreover, the escalation of political, economic and trade tensions between countries may trigger negative public sentiment. As we conduct our business operations primarily in China as well as certain overseas markets, international market conditions and international regulatory environment could have a material impact on our business, financial condition and results of operation.

Export control restrictions

In recent years, the U.S. government imposed targeted export control and trade restrictions on China and a number of Chinese companies and institutions, including by adding them onto the Entity List maintained by the U.S. Department of Commerce Bureau of Industry and Security (the “**Entity List**”), which limit their access to certain U.S.-origin goods, software and technologies, as well as items that contain a significant portion of or are a direct product of certain U.S.-origin goods, software and technologies. Our enterprise software and intelligent services offerings are not subject to U.S. export control restrictions; however, U.S. export controls and trade laws, policies and regulations are complex and subject to frequent changes, which could have an impact on our business operations. In addition, the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by geo-political, geo-economic and/or other factors that are not within our control or that might be heightened by international and national security concerns. Any potential restrictions, associated inquiries or investigations, or other government actions may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and products and hinder the stability of our supply chain. These changes could also result in negative publicity, require significant time and attention of the management, subject us to fines, penalties or orders, and mandate us to cease or modify our existing business practices. Any of these events may have a material and adverse effect on our business, financial conditions and results of operations. After consulting with our legal advisors, we are of the view that we are not subject to the U.S. export control restrictions, and that we had complied with the U.S. export control laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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International sanctions

Through executive orders, passing of legislation or other governmental means, the certain authorities of the United Nations, the United States, the European Union, the United Kingdom, and Australia, have implemented measures that impose economic sanctions against certain countries or targeted industry sectors, groups of companies, persons or organizations.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any inquiry, investigation or penalty in relation to sales to overseas markets. However, we conducted transactions with certain entities, which or the affiliates of which were designated on sanction lists maintained by the various U.S. government entities (“**Restricted Entities**”), including the U.S. Department of Treasury Office of Foreign Assets Control and the U.S. Department of Commerce Bureau of Industry and Security. Such transactions accounted for a minimum portion of our total revenue and purchases during the Track Record Period. Such transactions with the Restricted Entities had no U.S. nexus and did not involve U.S.-origin products, and therefore we are not subject to primary sanction risks in relation to such transactions. Given the immateriality of such transactions, after consulting with our legal advisers, we believe that the risks that we are subject to any secondary sanction risk in relation to the transactions is remote.

Sanctions laws and regulations are constantly evolving, and new targeted industry sectors, groups of companies, persons or organizations are regularly added to the sanction lists under international sanctions programs. Further, new laws or restrictions could increase the obstacles for us to conduct our business internationally, and some or all of our products may be deemed subject to sanctions restrictions in the future. Furthermore, if we fail to keep ourselves updated with the latest developments of the international sanctions or other laws and regulations, we may be involved in sanctions risk exposures. If the relevant authorities of the relevant jurisdictions determine that any of our future activities as a violation of the sanctions imposed by these authorities or designate us, any of our Directors and/or substantial shareholders as a sanctioned company, person or organization, our business and reputation will be materially and adversely affected. In addition, any association with customers, suppliers and service providers in countries that are subject to any form of sanctions programs could subject us to reputational harm, which may lead to the loss of customers, suppliers or service providers, and in turn adversely affect our business, results of operations and financial condition.

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

Under the PRC EIT Law and its implementation rules, subject to applicable tax treaties or similar arrangements, dividends from PRC sources payable to non-PRC resident enterprise investors are generally subject to 10% PRC withholding tax if such investors have no establishment or place of business in Chinese Mainland, or if the relevant income is not effectively connected with such establishment or place of business. Gains realized by such investors from the transfer of shares are generally subject to 10% PRC income tax if treated as income from PRC sources, unless otherwise provided by applicable tax treaties or arrangements.

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Under the PRC Individual Income Tax Law and its implementation rules, dividends from PRC sources paid to non-PRC resident individual investors are generally subject to 20% PRC withholding tax, and gains from PRC sources realized on share transfers are generally subject to 20% PRC income tax, subject to applicable treaty or statutory reductions or exemptions. Pursuant to relevant SAT guidance, dividends paid to non-PRC resident individual holders of H Shares are generally subject to PRC individual income tax at a withholding rate of 10%, depending on applicable tax treaties or arrangements, while holders in jurisdictions without such treaties are generally subject to 20% withholding tax. Existing MOF, SAT and CSRC rules provide that gains of individuals from the transfer of listed shares may be exempt from individual income tax, subject to exceptions for certain restricted shares. As of the Latest Practicable Date, these rules had not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. If PRC income tax is imposed on gains from the transfer of our H Shares or dividends paid to our non-PRC resident investors, the value of your investment may be affected. Shareholders whose jurisdictions have tax treaties or arrangements with Chinese Mainland may also not qualify for treaty benefits.

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

Under the PRC EIT Law and the Regulation on the Implementation of the PRC Enterprise Income Tax Law, enterprises established under the laws of jurisdictions outside of Chinese Mainland with “de facto management bodies” located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. As we are a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income. Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations. We also operate in countries and regions overseas and are subject to various taxes, and therefore, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax

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rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. We are also subject to the examination of our tax returns and other tax matters by local and overseas tax and governmental authorities. If our effective tax rates were to increase, or if the ultimate determination of our taxes payable is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

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

We are a company incorporated under the PRC laws and most of our assets are located in Chinese Mainland. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be difficult for investors outside of Chinese Mainland to effect service of process upon or to enforce judgments obtained against us or our management in courts outside of Chinese Mainland. Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible. We cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in Chinese Mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court.

RISKS RELATING TO THE [REDACTED]

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

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

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Main Board of the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], as well as

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different levels of retail and institutional [REDACTED] participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

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

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate [REDACTED] will develop and be sustained following the completion of the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] of our H Shares may be materially and adversely affected.

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

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The business and performance and the [REDACTED] of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our H Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors or regulatory developments.

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

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

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these Shares for future sale may have a negative impact on the [REDACTED] of our Shares. In addition, [REDACTED] subscribing shares in the [REDACTED] may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [REDACTED] for legal and regulatory, business and market, or other reasons. Any sale of the H Shares [REDACTED] by such [REDACTED] pursuant to such arrangement or agreement could adversely affect the [REDACTED] of our H Shares and any sizeable sale could have a material and adverse effect on the [REDACTED] of our H Shares and could cause substantial volatility in the [REDACTED] of our H Shares.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, acquisitions, expansion plans, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the 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 date of this document and to the [REDACTED], our Controlling Shareholders 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). In addition, the interests of our Controlling Shareholders may differ from the interests of other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

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

RISK FACTORS

We strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

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

Certain facts, forecast and other statistics in this document obtained from official government publications have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various official government publications. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Nevertheless, information from official government publications have not been independently verified by us, the Joint Sponsors, the [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure our [REDACTED] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

This document contains forward-looking statements, such as “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions. These forward-looking statements are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [REDACTED] should not place undue reliance.