
RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all the information in this Document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The market price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not able to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this Document.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The industries in which we operate are characterized by constant changes. If we fail to continuously innovate our technology and provide useful solutions that meet the expectations of our users, our business, financial condition and results of operations may be materially and adversely affected.

The industry in which we operate, namely, enterprise-grade AI solutions market, is characterized by constant changes, including rapid technological evolution, frequent introductions of new solutions, continual shifts in user demands and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological developments. We have invested and intend to continue investing significant resources in technologies to enhance our solutions. Nevertheless, we may not be able to leverage new technologies effectively or adapt our solutions to meet user needs or emerging industry standards, and our technology approach might not align with our future development plans or even become obsolete if we are unable to adapt in a cost-effective and timely manner to changing market conditions, whether for technical, legal, financial or other reasons. Our success will depend partially on our ability to continuously identify, develop, acquire, protect or license advanced and new technologies that are valuable to our solutions. Failure to do so could render our existing solutions obsolete and unappealing, thereby adversely affecting our business prospects.

Uncertainties regarding the timing and nature of the development of AI solutions or technologies, or modifications to existing solutions or technologies, could increase our research and development expenses. Any failure to deliver effective results by our solutions could render our research and development efforts obsolete, reduce the demand for our services, result in user dissatisfaction, and adversely affect our business, financial condition, results of operations and prospects.

If we fail to compete effectively, our business, financial condition and results of operations may be materially and adversely affected.

With respect to each industry vertical that we have entered into, we compete against existing players in such verticals, such as leading internet and technology companies and other established AI technology enterprises. We may also in the future face competition from new market entrants. Such new entrants may include better-established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad distribution channels. Furthermore, we may face competition from global technology companies that seek to enter the China market, whether independently or through formation of strategic alliances with, or acquisition of, companies in China that focus on providing AI solutions. Increased competition could result in lower sales, price reductions, reduced margins and loss of market share. In addition, we may be compelled to make substantial additional investments in research and development, marketing and sales in order

RISK FACTORS

to respond to such competitive threats, and we cannot assure you that such measures will be effective. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations could be adversely affected.

If the market for our solutions fails to grow as we expect, or if our users or potential users fail to adopt our solutions, our business, operating results, and financial condition could be adversely affected.

It is difficult to predict demand for our solutions, the entry of competitive solutions, or the future growth rate and size of the enterprise-grade AI solutions market. Our future success will depend in large part on our ability to further penetrate the markets where we operate. Our ability to further penetrate such markets depends on a number of factors, including the cost, performance and perceived value associated with our solutions, as well as users’ willingness to adopt our solutions. We have spent, and intend to keep spending considerable resources to educate potential users about AI-powered intelligent operations and intelligent marketing in general and our solutions in particular. However, we cannot be sure that these expenditures will help our solutions achieve any additional market acceptance. Furthermore, potential users may be unwilling to invest in novel solutions. If the market fails to grow or grows slower than we expect or enterprises fail to adopt our solutions, our business, operating results and financial condition could be adversely affected.

If we fail to retain existing customers or increase the spending by existing customers, or attract new customers, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have been expanding our customer base across various industry verticals, including finance, technology and retail. Our ability to retain existing customers, attract new customers, and increase spending by existing customers depends on several factors, including our ability to continuously offer AI-powered enterprise grade solutions that address the evolving needs of our customers at competitive prices, the strength of our proprietary technologies portfolio — which includes XK-QianAI and QianNexus, and our ability to continuously enhance and evolve our technologies in line with market and customer needs. Expansion into new verticals presents challenges such as differences in business dynamics, regulatory requirements, and client expectations. We may face difficulties adapting our solutions or operations to evolving market needs, which could delay solution deployment or limit client acceptance.

Additionally, there is no assurance that we will be able to deliver the level of customer support expected by our clients, including timely responses to their needs and clear communication regarding our solutions. Such failures could lead to client dissatisfaction, decreased demand for our solutions, and loss of expected revenue. Our ability to meet or exceed customer service expectations is crucial to our continued success. Failure to do so could harm our reputation, making it more difficult to retain existing customers or attract new ones, which could ultimately adversely affect our business, financial condition, and prospects.

Our use of open-source large model could impose limitations on our business operations.

Application of open-source large models may form part of our AI-powered solutions. We expect to continue to use open-source software in the future. We may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open-source license, including by demanding release of the open-source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open-source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our applications, software and platform. In such an event, we may be required to seek licenses from third parties to continue commercially offering our applications and software, to make our proprietary code generally available in source code form, to re-engineer our

RISK FACTORS

application/software or to discontinue the sale of our application/software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business, financial condition and results of operations.

Open-source software is subject to further development or modification by anyone. It is also possible for competitors to develop their own solutions and services using open-source software, potentially reducing the demand for our solutions and services. With regard to the potential competition from open-source software developed by others, we believe our core capabilities that empower us in the competition lie in our self-developed solutions, which merely involve open-source software in certain basic service support that is not comparable to our core technologies. Therefore, we manage such competition risks primarily by focusing on our own development and technologies. If we are unable to successfully address these challenges, our business and operating results may be adversely affected, and our development costs may increase.

Our AI solutions rely primarily on public industry data and accumulated knowledge system. Both the inherent limitations of such data sources and potential inaccuracies or delays in data updates could adversely affect the performance of our solutions, which may in turn impact our business and financial performance.

The quality and availability of the data we collect and use are fundamental to the effectiveness of our AI-powered solutions and industry-specific applications. If the data we rely on becomes outdated, inaccurate, lacks credibility, or is no longer accessible, the performance of our solutions could be significantly impacted, which may adversely affect our business operations and financial performance. Our solutions mainly rely on publicly available data and internally accumulated data. We strive to ensure that the data we use is accurate, timely, and reliable, but we cannot guarantee that all such data will remain comprehensive, current, or sufficient for model optimization. Data which we access contain inaccuracies, omissions, or outdated information. These deficiencies, if incorporated into our AI models and algorithms, could lead to suboptimal performance and adversely affect the perceived value and effectiveness of our solutions, thereby impacting our business operations and financial performance.

AI technologies are heavily embedded in our integrated solutions and are constantly evolving. Any flaws or inappropriate usage of AI technologies, could have negative impact on our business, reputation and the general acceptance of AI solutions by the society.

AI technologies are heavily embedded in our integrated solutions. To remain competitive in the AI industry, we must continue to stay abreast of rapid technological developments and continuously evolving industry trends, including but not limited to adopting the latest computing mechanisms and/or further improve our industry-specific algorithms. We have invested significantly in our R&D and made other efforts in response to these constant changes, but we can make no assurance that these efforts will generate expected return, or any return at all. AI technologies are still at a preliminary stage of development and will continue to evolve. Flaws or deficiencies in AI technologies could undermine the accuracy and thoroughness of the analysis and decisions made by our solutions. There can be no assurance that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. If the recommendations, forecasts or analysis that our AI solutions assist in producing are deficient or inaccurate, we could be subjected to competitive harm, potential legal liability, and ethical or reputational harm.

Our proprietary technologies which are essential to our daily business operations are complex and may contain undetected errors or may not operate properly, which could adversely affect our business, results of operations, financial condition and prospects.

Our proprietary technologies, which are essential to our daily business operations are complex and may contain undetected errors or may not operate properly, especially when solutions are first introduced or when new versions are released. Any flaws or misuse of our technologies, whether actual or perceived, whether intended or inadvertent, whether committed by us or by other third parties, could have negative impact on our brand and reputation.

RISK FACTORS

Furthermore, to remain competitive, we must continue to enhance and improve our proprietary technologies that forms part of our solutions. If competitors introduce new solutions using new technologies or if new industry standards and practices emerge, our existing solutions may become obsolete. Our failure to respond to technological change or to adequately maintain, upgrade and develop our solutions could harm our business, results of operations, financial condition and prospects.

In addition, our solutions are often installed with different operating systems, system management software and equipment and networking configurations, which may cause errors or failures in our solutions or may expose undetected errors, failures or bugs in our solutions. Any errors or delays in releasing new solutions or new versions of solutions or allegations of unsatisfactory performance of our solutions could cause us to lose revenues or market share, and cause us to incur substantial costs in redesigning the solutions, cause us to lose significant customers, harm our reputation, subject us to liability for breach of warranty claims or damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations and financial condition.

A limited number of clients, in particular our largest customer, contributed to a substantial portion of our revenue, and failure to maintain our business relationship with them or reduce our reliance on them could adversely affect our business, financial condition, results of operations and prospects.

We generate a significant portion of our revenue from a limited number of clients. Such clients are generally leading financial institutions and technology companies. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our sales to the five largest customers in each year/period in aggregate amounted to RMB168.8 million, RMB193.3 million, RMB205.2 million and RMB109.0 million, respectively, representing 74.7%, 62.7%, 43.0% and 54.7% of our total revenue for the respective years/period. As a result, our operating results are materially influenced by the business conditions, procurement strategies and demand cycles of these key customers. Any adverse developments affecting these customers, including changes in their business priorities, budget allocations or demand for our solutions, could lead to fluctuations in our revenue and operating performance.

In addition, for the years 2023, 2024 and 2025 and the five months ended May 31, 2026, revenue from our largest customer group, ZhongAn Group, amounted to RMB100.3 million, RMB137.7 million, RMB106.3 million and RMB50.0 million, respectively, which accounted for 44.4%, 44.6%, 22.3% and 25.1% of our revenue for the corresponding year/period, respectively. Please see “Business — Our Customers — Our Business Relationship with ZhongAn Group” for further details. Any change in the business strategy, financial condition, procurement policies or operational performance of ZhongAn Group or their relationship with the relevant clients could have a disproportionate impact on our revenue and results of operations.

If our key customers, including our largest customer, do not continue to transact with us on scales or terms similar to historical levels, our business, financial condition and results of operations will be negatively affected. In particular, our key customers are sensitive to market developments and may expect constant iteration of our solutions to involve innovative features or new technologies. The loss of or reduction in any key customer’s business as a result of our inability to adopt new technologies, or for any other reason may materially and adversely affect our business, financial condition and results of operations.

We derived a significant portion of our revenue from ZhongAn Group and any adverse change in our relationship with ZhongAn Group could adversely affect our business and results of operations

During the Track Record Period, we entered into a number of transactions with ZhongAn Group in the ordinary and usual course of business. Specifically, we provided enterprise-grade AI solution services to ZhongAn Technology and its associates. Our revenue from ZhongAn Group amounted to approximately RMB100.3 million, RMB137.7 million, RMB106.3 million and RMB50.0 million for the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026, representing approximately 44.4%, 44.6%, 22.3% and 25.1% of our total

RISK FACTORS

revenue, respectively. Following the [REDACTED], we will continue to provide enterprise-grade AI solution services to ZhongAn Group pursuant to the Cooperation Framework Agreement, under which the proposed annual caps amount to RMB137.1 million, RMB138.1 million and RMB146.2 million for the years ending December 31, 2026, 2027 and 2028, respectively. For details, see “Connected Transactions — Summary of Our Continuing Connected Transactions” in this Document.

If we are unable to continue providing services to ZhongAn Group on terms acceptable to us, or if these transactions are subject to disruption, reduction or termination, our business, financial condition and results of operations could be adversely affected.

We cannot assure you that our enterprise-grade AI solutions will be effective, and if the performance does not meet our agreement with relevant clients, such clients may cease to use our solutions, and our results of operations and financial conditions could be adversely affected.

Our clients utilize our AI-powered integrated solutions to streamline their operation and to conduct marketing and sales activities. However, we cannot assure you that our solutions will always be effective. Our solutions are empowered by complex AI agents and data analytics capabilities. The performance of our solutions depends on various factors, including but not limited to the quality and quantity of industry-specific parameters applied to analysis and the proper functioning of our models. As such, inability to meet the performance target with our clients may result in termination of the agreements, customer dissatisfactory or reputational damages. Thus, the failure of our solutions may adversely affect our business, financial condition, results of operations and prospects.

We may be obligated to disclose our proprietary source code to our clients, which may limit our ability to protect our intellectual property and could reduce the renewals of our support and maintenance services.

We usually utilize our proprietary systems to support our clients’ businesses. The intellectual property rights related to the source code between our clients and us typically fall into two categories: (i) customized development: when we develop an application system specifically tailored for a client, the intellectual property rights for that customized system belong to the client; and (ii) standardized and secondary development: the client has a non-exclusive right to use our standardized system, and the client enjoys all intellectual property rights or a non-exclusive right to use the customized secondary development of our system according to their requirements.

Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for that source code or the solutions containing that source code and may facilitate intellectual property infringement claims against us. It also could permit a client to which a solution’s source code is disclosed to support and maintain that solution without being required to purchase our support or maintenance services. Each of these could harm our business, results of operations and financial condition.

Any damage to our brand and reputation may materially and adversely affect our business.

We derived substantially all our revenue through direct sales during the Track Record Period. Under this sales model, we rely on our brand and reputation to retain clients and enjoy success. Maintaining and enhancing our brand and reputation depends on our ability to continue to provide high-quality and reliable solutions. Errors, defects, disruptions or other performance issues with our solutions may harm our brands and reputation, and we may introduce new solutions which might be poorly received by our clients. If our clients have a negative experience using our solutions, such an encounter may affect our brand and reputation amongst our clients. In addition, we may, from time to time, receive negative publicity, including negative internet postings, ratings or comments on social media platforms or through traditional media about our business, solutions, directors and management. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. We may even 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 defend ourselves against such third-party conduct, and we may not be able to

RISK FACTORS

conclusively refute each of the allegations within a reasonable period of time, or at all. Any damage to our reputation could result in failure to attract new customers or even a loss of clients, market share and revenue, therefore materially and adversely affect our business, results of operations, financial condition and prospects.

Potential issues in the adoption and use of AI in our product and solutions may result in reputational harm or liability.

AI algorithms may contain flaws, and datasets used for model training or inference may be insufficient, inaccurate, or biased. Improper or controversial data practices, whether by us or others in the industry, could negatively affect market acceptance of our solutions. The use of AI tools may also give rise to copyright or other legal issues, and our AI-related offerings may not always perform as effectively or competitively as those of our peers. These deficiencies could undermine the accuracy, reliability, or interpretability of AI-driven decisions and analyses, potentially resulting in legal liability or reputational harm.

Certain applications of AI also raise ethical considerations. If any of our AI-powered solutions are perceived as controversial due to their impact on human rights, privacy, employment, or other social concerns, we may face reputational damage or regulatory scrutiny. As our AI solutions are embedded deeply in business operations across multiple industries, maintaining fairness, transparency, and accountability in AI design and deployment is critical to preserving client trust and market confidence.

Changes in the market or our solutions may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market changes. As the market for our solutions grows, as our competitors introduce new solutions that compete with ours or reduce their prices, we may be unable to attract new clients or retain existing clients based on our historical pricing models. Given our limited operating history and limited experience with our historical pricing models, we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain clients may demand higher price discounts. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow.

Our ability to sell our solutions is highly dependent on the quality of our professional services and technical support services, and our failure to offer high-quality professional services or technical support services could damage our reputation and adversely affect our ability to sell our solutions to new clients.

If we do not effectively assist our clients in integrating our solutions, succeed in helping our clients quickly resolve issues they encounter while adopting our solutions and provide effective ongoing support, our ability to sell additional solutions to existing clients would be adversely affected and our reputation with potential clients could be damaged. Once our solutions are integrated with our clients’ existing information technology and data, our clients may depend on our technical support services to resolve any issues relating to our solutions. High-quality support is critical for the continued successful marketing and sale of our solutions. Many clients require higher levels of support than smaller clients. If we fail to meet the requirements of our larger clients, it may be more difficult to increase our penetration rate of larger clients, which is key to the growth of our revenues and profitability.

In addition, as our customer base grows, we may be unable to provide quality support services or on-site support services, which could result in customer dissatisfaction, decrease overall demand for our solutions and loss of expected revenue. As a result, our failure to maintain high quality support services would have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

We use cloud providers, telecommunication service providers and other internet or IT service providers in providing our solutions and services, and any failure or interruption in the services provided by these third parties or their misconduct could materially disrupt our operations and expose us to disputes and liabilities.

We use cloud providers, telecommunications service providers and other internet or IT service providers to provide our services. Any failure or interruption in the services provided by these third parties, as well as their misconduct or improper practices or material changes in their strategies or policies, could materially disrupt our operations, expose us to disputes and liabilities, and adversely affect our business, results of operations, financial condition and prospects. Furthermore, if these third-party providers breach our contracts or fail to provide services at the agreed-upon levels, it could lead to disputes, damages, or liabilities, which could damage our reputation, and erode clients’ confidence in us. Moreover, any misconduct or improper practices by a third-party provider, such as fraudulent activities or non-compliance with applicable laws and regulations, could lead to legal claims and regulatory fines or penalties, which would negatively affect our business, results of operations, financial condition and prospects. We may also not be able to identify and remediate any problems or issues with our third-party providers in a timely manner, and such problems may persist or recur, leading to further disruptions and negative impacts on our business, results of operations, financial condition and prospects.

Our operations depend on our ability, as well as that of third-party service providers to whom we have outsourced several critical functions, to protect data centers and related technology against damage from hardware failure, fire, power loss, telecommunications failure, impacts of terrorism, breaches in security (such as the actions of computer hackers), natural disasters, or other disasters. We cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defence procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. The occurrence of unanticipated problems that affect our technological infrastructure could result in interruptions in the availability of our solutions. It may be difficult for us to respond to such interruptions in a timely manner, or at all. In addition, we generate a substantial amount of our revenues through public online channels that we utilize in customer engagement, fulfilment of solutions and responding to clients. We may not have sufficient contingency operations to cover a loss or failure in all of these areas in a timely manner. Any damage to the telecommunication infrastructure that we utilize, failure of our telecommunications links or inability to access these telecommunication infrastructure or websites could cause interruptions in operations that materially adversely affect our ability to meet clients’ requirements, resulting in decreased revenue, operating income and earnings per share.

We cannot guarantee that our business initiatives will be successfully implemented or generate sustainable revenue or profit.

We continue to execute a number of strategies, including investing in technology to support our long-term development cultivating in value for customers while improving our solutions and strengthening talent development and building a high-caliber talent pool. The success of our growth initiatives, strategies and operating plans depends on various factors, such as market conditions, competition, regulatory requirements, technological changes, economic conditions and customers preferences. These factors may be difficult to predict or control, and if they do not develop as we expect, our growth initiatives, strategies and operating plans may not be successful in enhancing our business as anticipated. As such, we cannot guarantee that our growth initiatives, strategies and operating plans will be implemented successfully as scheduled or at all. For further details of our development strategies, please see the section headed “Business — Our Strategies.” If we fail to implement our growth initiatives, strategies and operating plans effectively and efficiently, we may not be able to expand our operations, manage our growth, seize market opportunities as expected or remain competitive. If we are unable to successfully execute our growth initiatives, strategies and operating plans, or if the benefits that we realize are less than our estimates, our business, results of operations, financial condition and prospects may be adversely affected.

RISK FACTORS

Our business depends substantially on continuing efforts of our senior management and other key personnel, as well as a competent pool of talents who support our existing operations and future growth. If we are unable to retain, attract, recruit and train such personnel, our business may be materially and adversely affected.

Our future success depends heavily on continuing efforts of our senior management, many of whom are difficult to replace. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected. Additionally, our future success also depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, the enterprise-grade AI solution market faces intense competition for skilled talent, including data scientists and engineers. We rely on our research and development team to develop our advanced technologies and solutions, and our experienced sales personnel to maintain relationships with our customers. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

Weakened economic conditions may affect the industries which demand our solutions, including the rate of information technology spending, which could cause our client to defer or forego purchases of our solutions.

Our business depends on the overall demand for information technology from, and on the economic health of, our current and prospective clients. In addition, the purchase of our solutions is discretionary and involves significant commitment of capital and other resources. Recently, the financial markets have encountered some challenges and many companies are either cutting back expenditures or delaying plans to add additional personnel or systems. Our clients may suffer from reduced operating budgets, which could cause them to defer or forego purchases of our solutions. Continued challenging economic conditions, or a reduction in information technology spending even if economic conditions improve, could adversely affect our business, results of operations and financial condition in a number of ways, including longer sales cycles, reduced sales of our solutions, lower prices for our solutions and material default rates among our clients.

We have incurred negative operating cash flow and there can be no assurance that we will not have net cash outflow in the future.

We recorded net operating cash outflows of approximately RMB28.1 million, RMB39.4 million, RMB68.6 million and RMB14.8 million in 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively. For further details, please see the section headed “Financial Information — Liquidity and Capital Resources — Cash Flows”. The net operating cash outflows during 2024, 2025 and the five months ended May 31, 2026 were primarily attributable to significant increases in working capital requirements, particularly trade receivables and contract fulfilment costs, as we scaled our business operations. We cannot assure you that we will not record negative operating cash flows in the future. Continued negative operating cash flows could signal financial instability to business partners, customers and lenders, potentially affecting our commercial relationships and ability to execute strategic initiatives. If we are unable to improve our operating cash generation or manage our working capital effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

RISK FACTORS

Our results of operations are subject to seasonal fluctuations.

Our primary clients are large-scale enterprises and state-owned enterprises, whose project expenditures are subject to year-end settlement. Typically, companies finalize their annual budgets around the Chinese New Year, conduct solution evaluations and vendor selections during the first three quarters, and concentrate project development and delivery primarily in the fourth quarter. As a result, a substantial portion of our revenue is recognized in the fourth quarter each year, and we have recorded higher revenue in the second half of the year compared to the first half of the year. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. Our operating and financial results for an interim period may not be representative of our overall performance for a year.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate any trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our platform, solutions or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us. If any third-party infringement claims are brought against us, we may be forced to divert management’s time and other resources from our business and operations to defend against these claims, regardless of our merits. If we are determined to have infringed upon a third-party’s intellectual property or other proprietary rights, we may be required but not limited to cease selling solutions or using services that incorporate the third-party’s intellectual property or proprietary information, pay for substantial damages, obtain a license from the holder of the infringed intellectual property, which license may not be available on reasonable terms, or at all, or redesign our technology.

If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Moreover, our competitors may seek to use intellectual property litigation as a means to gain a competitive edge. Such lawsuits often involve complex legal arguments and factual assessments, which may lead to uncertain outcomes. In addition, we may employ individuals who have previously worked with competing companies. While we take precautions, we cannot guarantee that these employees will not inadvertently or intentionally bring proprietary knowledge or trade secrets from their former employers into our work, potentially triggering legal action. Furthermore, our competitors may hold patents or trademarks that have not yet been disclosed to the public or discovered through routine intellectual property searches, which could expose us to additional infringement risks.

An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third-parties, including damages, penalties or settlement payments, require us to seek licenses from third-parties, to pay ongoing royalties, or to redesign our products, adjust our manufacturing processes or cease the manufacture, use or sale of certain products or the use of certain technologies. We may also be subject to injunctions or other equitable remedies that restrict our business activities. Protracted litigation could result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation, or reconsidering their choice of suppliers. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

RISK FACTORS

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our competitive position, and adversely affect our business, results of operations, financial condition and prospects.

Preventing any unauthorized use of our intellectual property and proprietary information is difficult and costly and the steps we generally take may be inadequate to prevent infringement, misappropriation or other violation of our intellectual property and proprietary rights. Litigation may be necessary to enforce our intellectual property and proprietary rights, determine the validity and scope of our rights or those of another party, or defend against claims of infringement, misappropriation, violation or invalidity. Such litigation could be costly, time-consuming and distracting to management, resulting in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property, all of which would have an adverse effect on our business, results of operations, financial condition and prospects. Our efforts to enforce our intellectual property rights may be undermined by defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringed, misappropriated or otherwise violated the counterclaimant’s own intellectual property rights. Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation. We can provide no assurance that we will prevail in such litigation.

Our success also depends, in part, on our ability to protect our proprietary technologies and AI-powered solutions from competition by obtaining, maintaining and enforcing intellectual property rights, including patents. As of May 31, 2026, our main intellectual property includes 117 patents and 243 software copyright in the PRC. The process of filing and maintaining patent applications can be costly and time-consuming, and there is no assurance that we will be able to obtain or maintain adequate patent protection for all of our innovations. Moreover, we may fail to identify patentable aspects of our research and development outputs before it becomes too late to obtain patent protection.

Even when patents are granted, they may not provide meaningful protection, prevent competitors from developing comparable or substitute technologies, or confer any sustainable competitive advantage. Our competitors may attempt to design around our patents, challenge their validity, or develop alternative technologies that achieve similar results without infringing our intellectual property. The scope and enforceability of our patents, as well as those we may obtain in the future, could be challenged in courts or administrative proceedings, and we cannot assure you that our patents will be upheld. Furthermore, the duration of patent protection is inherently limited. Any of these circumstances could limit our ability to safeguard our innovations and adversely affect our competitiveness and operating results.

Monitoring unauthorized use of our intellectual property and proprietary rights is difficult and costly, and we cannot be certain that the steps that we have taken will prevent misappropriation. From time to time, we may have to resort to litigation to enforce our intellectual property and proprietary rights, which could result in substantial costs and diversion of our resources.

Obtaining and maintaining our intellectual property protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental agencies, and our intellectual property protection could be reduced or eliminated for noncompliance with these requirements.

Throughout the intellectual property application process and the lifetime of the granted rights, we are required to comply with ongoing administrative and procedural obligations, including timely payment of maintenance and renewal fees, submission of official documents, and responses to regulatory actions within prescribed deadlines. Any failure to comply with these obligations — such as delays in responding to official notifications, non-payment of periodic maintenance fees, or failure to properly execute or legalize required documents — could result in the abandonment, lapse, or invalidation of our intellectual property rights in the relevant jurisdictions.

RISK FACTORS

Given that a substantial portion of our intellectual property portfolio focus on areas in big data, AI and software frameworks, the loss of protection for any significant portion of these assets could expose us to heightened competition and reduce our technological advantage. In such cases, competitors may gain access to previously protected technologies, which could materially and adversely affect our business, competitive position, and financial condition.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets owned by others.

In addition to our registered intellectual property rights, we rely on trade secrets and proprietary know-how to protect our solutions and maintain our competitive position. We seek to safeguard these trade secrets through internal management policies and contractual measures, including non-disclosure and confidentiality agreements and non-compete covenants with employees, consultants, and business partners who have access to such information.

We cannot guarantee that our employees, contractors, or other third parties will not intentionally or inadvertently use or disclose our confidential information without authorization. Any unauthorized disclosure could enable competitors to gain access to our proprietary technologies and diminish the value of our trade secrets, even if we take legal action against those responsible.

Furthermore, to the extent that our employees or business partners use intellectual property owned by others in the course of their work for us, disputes may arise as to the ownership and rights to related inventions or know-how. Protecting trade secrets is inherently difficult, and misappropriation can occur despite reasonable preventive measures. Enforcing claims of trade secret theft or misuse is typically expensive, time-consuming, and unpredictable in outcome. Any such incidents could compromise our technological advantage, harm our reputation, and materially and adversely affect our business and operations.

Our sales and marketing efforts are crucial to our business, but there is no guarantee that our efforts will continue to be successful.

As we expand our customer base across a variety of industry verticals, our sales efforts can be intensive, requiring significant time and resources from the initial customer engagement to the final sale. Given the complexity of our solution offerings, the sales cycle is typically long and unpredictable. We may invest substantial resources in these efforts, but we cannot assure you that these efforts will always result in successful sales or that customers will deploy our solutions effectively. Moreover, customers’ ability to fully utilize our solutions and achieve optimal outcomes depends on proper implementation, training, and support, which we cannot guarantee.

Our results of operations may fluctuate due to the dynamic nature of our sales cycle, which often involves extended evaluation and integration processes. Additionally, the success of our sales and marketing efforts is heavily dependent on our ability to attract, motivate, and retain qualified sales and marketing professionals with deep industry knowledge, technical expertise, and strong industry relationships. However, the competition for experienced sales and marketing talent is intense, and if we are unable to attract or retain sufficient qualified personnel, our ability to scale our solutions and commercialize them effectively could be adversely impacted.

Our sales efforts also depend on the decisions made by enterprise customers, who may base their purchasing decisions on a wide range of factors beyond the features of our solutions, including projections of business growth, economic conditions, budget allocations, cost-saving expectations, and preferences for internally developed solutions. There can be no assurance that we will successfully close sales with all potential customers or that the revenue generated will justify the resources invested. If our sales efforts fail to meet our revenue expectations, our business, financial condition, and prospects could be materially and adversely affected.

RISK FACTORS

We may fail to make the necessary desirable strategic alliance, and we may not be able to achieve the benefits we expect from the alliances.

We may pursue strategic alliances that are supplemental to our business and operations, including opportunities that can help us further expand our solutions offerings and improve our technology system. However, strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. In addition, we may have limited ability to control or monitor the actions of our strategic partners. To the extent that a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party. The costs of identifying and consummating strategic alliances may be significant and subsequent integrations of new companies, businesses, assets and technologies would require significant managerial and financial resources and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our growth and business operations.

We, our directors, management, employees and shareholders and their affiliates may be subject to litigation, investigation and other proceedings, or our shareholders may have conflicting position, from time to time, which could have a material and adverse impact on our reputation, and adversely affect our business, results of operations, financial condition and prospects.

From time to time, we have been, and may in the future be, subject to lawsuits brought against us, in matters relating to intellectual property rights, contractual disputes, employment related controversies and other legal and administrative proceedings or fines relating to our business operations. Lawsuits against us may also generate negative publicity that significantly harms our reputation, which may adversely affect our ability to expand our business. In addition to the related cost, managing and defending litigation can significantly divert management’s attention from operating our business. We may also need to pay damages or settle lawsuits with a substantial amount of cash. If any of these happens, our liquidity and business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, our directors, management, employees and shareholders and their affiliates may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability and expense in relation to commercial, labor, employment, securities or other matters, which could adversely affect our reputation. We cannot assure you that our shareholders’ position will be aligned at all times. Any of these circumstances may adversely affect our business, financial condition, results of operations and prospects.

Our limited insurance coverage could expose us to significant costs and business disruption.

We believe we maintain insurance policies in line with industry standards. We do not maintain business interruption insurance, key-man life insurance or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

RISK FACTORS

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges, or unforeseen circumstances. If we are unable to generate sufficient cash flows or if capital is not available, our business, results of operations, financial condition and prospects could be adversely affected.

We may require additional cash resources to support our business operation due to changed business conditions, strategic acquisitions or other future developments. Our ability to obtain additional capital depends on factors, including, but not limited to:

- our market position and competitiveness in the enterprise-grade AI solutions market;
- our overall financial condition, results of operations and future profitability;
- general market conditions for financing activities in China; and
- general economic and administrative conditions in China and internationally.

If our capital need is materially different from those currently planned, we may initiate financing activities for additional capital sooner than anticipated. Such financing may not be available on favorable terms on a timely basis, or at all. If we cannot obtain adequate capital on terms favorable to us, or at all, we may not be able to continue our operations, R&D and sales and marketing efforts, take advantage of future opportunities or respond to competitive pressures. Under these circumstances, our business, financial condition, results of operations and prospects may be adversely affected.

Our financial assets at fair value through profit or loss are subject to fair value changes and not principal-protected, which may affect our financial positions in the future

As at May 31, 2026, we had financial assets at FVTPL of RMB415.2 million, representing our wealth management products, including (i) wealth management products purchased from licensed commercial banks; and (ii) fund products, comprising a collective funds trust plan issued by a Chinese non-bank financial institution controlled by the Department of Finance of the Tibet Autonomous Region. See “Financial Information — Discussion Of Certain Items From The Consolidated Statements Of Financial Position — Financial assets at FVTPL” for further details. The fair value of our investments in wealth management products issued by financial institution at fair value through profit or loss is measured based on assumptions that are not supported by observable market values (i.e. significant unobservable inputs). During the Track Record Period, fair value of our investments in wealth management products issued by financial institution at fair value through profit or loss was determined with reference to unobservable input which is estimated return and was categorised as level 3 of fair value measurement. See Note 4.3 to the Accountant’s Report in Appendix I to this document for further details. Changes in this unobservable inputs will affect the estimated fair value of our investments in wealth management products issued by financial institution at fair value through profit or loss at the end of each of the financial reporting year. Given the inherent uncertainties in measuring the fair value of our investments in wealth management products issued by financial institution at fair value through profit or loss, any material and adverse changes in fair value could materially and adversely affect our financial position and results of operations.

The wealth management products are placed with financial institution in the PRC and are long-term investments with no predetermined or guaranteed return and are not principal-protected. The wealth management products are determined by reference to the fair value of underlying financial instruments, including listed shares, bonds, debentures and other financial assets. Any adverse changes in fair value of underlying financial instruments could materially and adversely affect our financial position and results of operations.

RISK FACTORS

We are subject to credit risk related to defaults of customers, and any significant default on our receivables could materially and adversely affect our liquidity, financial condition and results of operations.

We are exposed to credit risk related to defaults of our customers. As of December 31, 2023, 2024, 2025 and May 31, 2026 our trade receivables amounted to RMB72.3 million, RMB153.4 million, RMB195.1 million and RMB196.7 million, respectively. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control. For example, if the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the trade receivables, our corresponding trade receivables recoverability might be adversely affected. As the amount of provisions made on our trade receivables are recorded as expenses on our results of operations, if we are not able to effectively manage the credit risk associated with our trade receivables, our results of operations may be materially and adversely affected.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected.

The U.S. Department of Commerce, Bureau of Industry and Security (“BIS”) administers the Export Administration Regulations (the “EAR”), which govern the export, re-export, and in-country transfer of items subject to U.S. jurisdiction. Items subject to the EAR include, among other things, U.S.-origin items, items of non-U.S.-origin that incorporate or commingle with controlled U.S.-origin content exceeding the applicable de minimis threshold, and items of non-U.S.-origin that are classified on the Commerce Control List and are the direct product of certain U.S.-origin technology or software or of a plant that is the direct product of certain U.S. technology or software. BIS maintains the Entity List, which identifies foreign persons whose activities are believed to be contrary to U.S. national security or foreign policy interests. Supplying items subject to the EAR to Entity List parties without a license from the BIS is prohibited, and such licenses are generally subject to a presumption of denial.

During the Track Record Period, seven of our customers and one of our suppliers were included on the Entity List administered by BIS, and the relevant sales amount amounted to nil, RMB2.5 million, RMB3.0 million and RMB41,000, respectively, while the relevant purchases amounted to RMB25.6 million, RMB11.3 million, RMB2.5 million and RMB0.8 million, respectively. To the extent that items subject to the EAR are involved in our transactions with such parties, we could be exposed to restrictions under U.S. export control laws. However, as (i) we are a PRC-incorporated company with no U.S. nexus, including no U.S. subsidiaries, personnel, beneficial owner, infrastructure, or transactions involving U.S. currency; (ii) our solutions are developed and delivered entirely within the PRC and do not incorporate U.S.-origin content; and (iii) our transactions with such parties are of a commercial nature and do not involve items classified on the Commerce Control List or any military end-use, our business activities should not implicate the EAR. For further details, please see the section headed “Business — Compliance with International Sanctions Laws and Regulations”. Notwithstanding the foregoing, we cannot assure you that the U.S. government will not expand the scope of export controls, that additional customers or suppliers will not be added to the Entity List, or that BIS will not take a different view as to whether our solutions have a U.S. nexus, any of which could require us to obtain licenses, restrict our ability to transact with certain customers or suppliers, or subject us to enforcement actions, which could materially and adversely affect our business, financial condition and results of operations.

We may experience discontinuation, reduction or delay of any preferential tax treatments or government grants.

Our subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our subsidiaries, Jinan Zhong'an Xinke Technology Co., Ltd. and Beijing Yirong Technology Co., Ltd., are recognized as small low-profit enterprises which are subject to a reduced EIT rate of 20%. Such preferential tax treatments are subject for transformation and termination. If

RISK FACTORS

our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations.

We also receive grants from local governments, which vary from period to period. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we recorded government grants amounting to RMB0.4 million, RMB0.3 million, RMB2.0 million, RMB8,000 and RMB0.4 million, respectively. Local governments may decide to adjust such grants in the future. We cannot assure you of the continued availability of the government grants. Any reduction, cancelation, or repayment of government grants could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Any failure to obtain or maintain requisite approvals, licenses or permits applicable to our business may have a material and adverse effect on our business, results of operations, financial condition and prospects.

Our business is subject to regulation, and we are required to obtain applicable licenses, permits and approvals from different PRC regulatory authorities in order to conduct or expand our business. We have obtained and maintained all licenses and permits material to our business as described above as required by the PRC regulatory authorities. However, we cannot assure you that we will be able to maintain existing licenses and permits or renew any of them when their current term expires. If we are unable to maintain one or more of the current licenses and permits, or obtain such renewals, our business, results of operations, financial condition and prospects could be materially and adversely impacted.

Furthermore, if the relevant governmental authorities consider that we are operating without the proper approvals, licenses or permits, or the relevant governmental authorities promulgate new laws and regulations that require additional approvals or licenses or impose additional restrictions on the operation of any part of our business and we are not able to obtain such approvals, licenses or permits or adjust our business model in a timely manner, they have the power, among other things, to levy fines, confiscate our income, revoke our licenses, and require us to discontinue our relevant business. Any of these actions by the relevant governmental authorities may have a material adverse effect on our business, results of operations, financial condition and prospects.

Fluctuations in the value of the Renminbi and other currencies may have a material adverse impact on your investment.

During the Track Record Period, substantially all of our revenues and expenditures were denominated in Renminbi, while the net [REDACTED] from the [REDACTED] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the [REDACTED] from the [REDACTED].

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

The availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

RISK FACTORS

Regulatory restrictions on the remittance of Renminbi into and out of the PRC and currency conversion may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

Currently, the conversion and remittance of foreign currencies from RMB are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, are subject to prior approval or registration procedures with the SAFE.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, the foreign exchange policies regarding payment of dividends in foreign currencies may change from time to time in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval or other procedure from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the ITT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the ITT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax. As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares. For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股

RISK FACTORS

非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. Despite the arrangements mentioned above, the PRC tax laws and regulations as well as the interpretation and application of such laws and regulations may change from time to time in the future which may adversely affect the value of your investment in our H Shares.

It may be difficult to effect service of process upon us or our Directors, executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

All of our executive Directors and executive officers reside within China, and substantially all of our assets are located within China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgment obtained from foreign countries, it may be difficult for investors to effect service of process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

We are subject to risks relating to some of our leased properties.

Certain of our leased properties may be subject to defects or uncertainties in the lessors’ title or land use compliance, including the failure to complete lease registrations, lack of property ownership, relevant approval documents, or owner consent documentation, or discrepancies between the actual and approved land use. Although such defects do not automatically render the relevant lease agreements invalid under PRC laws and regulations, we cannot assure you that third-parties or relevant authorities will not challenge the lessors’ rights or require rectification measures. If such challenges or enforcement actions are taken, we may be required to vacate the affected premises and relocate our operations, which may result in additional costs or temporary business disruption. Failure to secure alternative premises in a timely manner, could result in our business, financial condition results of operations and prospects to be adversely affected.

We may be subject to additional social insurance fund and housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities.

We are required by PRC laws and regulations to pay various statutory employee benefits including social insurance and housing funds, to designated government agencies for the benefit of our employees. The relevant government agencies may examine whether an employer has made adequate payments of the requisite statutory employee benefits, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we were not in strict compliance with the requirements for social insurance and housing provident fund contributions in relation to some of our PRC employees. As attested by the relevant PRC authorities, during the Track Record Period, we had not been subject to any material administrative penalties, fines or other regulatory actions in relation to the above matters. However, we cannot assure you that our historical and current practices will at all times be deemed fully compliant by the relevant PRC authorities. If the relevant PRC authorities require us to make supplemental social insurance and housing fund contributions, or impose fines or other regulatory measures in connection with our historical practices, we may be required to settle any shortfall within a prescribed time period and our business, financial condition, results of operations and prospects may be adversely affected.

RISK FACTORS

Furthermore, on July 31, 2025, the PRC Supreme People’s Court promulgated the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the “**New Judicial Interpretation**”), which took effect on September 1, 2025. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated based on the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. As advised by our PRC Legal Advisor, provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no major employee complaints, reports or related lawsuits/arbitrations are filed, we face a remote risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund. See “Business — Employees — Social Insurance and Housing Provident Funds.” However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the New Judicial Interpretation, the financial and business performance of the Company may be adversely affected.

We are subject to a variety of laws and regulations regarding cybersecurity, data security and personal information protection or the use of the internet, and any failure to comply with applicable laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

We may become subject to a variety of laws and regulations in the PRC regarding cybersecurity, data security and personal information protection. These laws and regulations are continuously evolving and developing, of which the interpretation and application are also evolving and subject to change that may affect us.

The integrity and protection of our clients and company data is critical to our business. Our clients expect that we will adequately protect their personal information. We are required by applicable laws to keep this personal information strictly confidential and to take adequate security measures to safeguard such information.

On November 7, 2016, the Standing Committee of the National People’s Congress of China (“SCNPC”) promulgated the Cybersecurity Law of the People’s Republic of China (“**Cybersecurity Law**”), which came into effect on June 1, 2017. According to the Cybersecurity Law, internet operators shall not collect user personal information without the user’s consent, and may only collect user personal information necessary for providing services. Operators are also obliged to provide security maintenance for their products and services, and should comply with the provisions on personal information protection in relevant laws and regulations. The SCNPC further revised the PRC Cybersecurity Law on October 28, 2025, which became effective on January 1, 2026. The revised PRC Cybersecurity Law, amongst others, increases the penalties under certain circumstances and expands the extraterritorial application for entities, organizations, or individuals outside the PRC engaging in activities that endanger the cybersecurity of the PRC. On June 10, 2021, the SCNPC promulgated the “Data Security Law of the People’s Republic of China”, which came into effect on September 1, 2021. It requires data collection to be carried out in a legal and appropriate manner, and introduces a data classification and hierarchical protection system. On August 20, 2021, the SCNPC promulgated the “Personal Information Protection Law of the People’s Republic of China” (“**Personal Information Protection Law**”), which came into effect on November 1, 2021. Personal Information Protection Law further detailed the general rules and principles on personal

RISK FACTORS

data processing and further increased the potential liability of personal information processors. For more details, please see “Regulatory Overview — Laws and Regulations on Cybersecurity, Data Security and Personal Information Protection.”

On December 28, 2021, the CAC and other 12 PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (“**Revised Measures for Cybersecurity Review**”), which became effective on February 15, 2022. The Revised Measures for Cybersecurity Review provides that entities meeting certain standards shall proactively apply for a cybersecurity review. For more details, please see “Regulatory Overview — Laws and Regulations on Cybersecurity, Data Security and Personal Information Protection.” As of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure (“**CII**”), and therefore we are not deemed as a CII operator. Our proposed [REDACTED] is [REDACTED] on the Hong Kong Stock Exchange rather than [REDACTED] “in a foreign country”. Nevertheless, the Revised Measures for Cybersecurity Review grant the governmental authorities the discretion to initiate a cybersecurity review if they deem any data processing activity affects or may affect national security. As of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review under the Revised Measures for Cybersecurity Review or our data processing activity affects or may affect national security. However, given there has been no further explanation or interpretation for “affect or may affect national security” under the Revised Measures for Cybersecurity Review, we cannot rule out the possibility that the relevant government authorities may conduct cybersecurity review on us accordingly. If a cybersecurity review for any of our activities is required, we will actively cooperate with the CAC to conduct such cybersecurity review. Any failure to obtain such approval or clearance from the regulatory authorities could materially constrain our liquidity and have a material adverse impact on our business operations and financial results.

On July 7, 2022, the CAC promulgated the “Measures for the Security Assessment of Cross-border Data Transfer”, which came into effect on September 1, 2022. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flow, which was implemented on March 22, 2024. The above measures and provisions provide that the cross-border transfer of personal information and important data by data processor meeting certain volume thresholds or other standards as provided therein shall apply for security assessment, file with a standard contract for cross-border data transfer or obtain a personal information protection certification. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business. Additionally, as there may be further interpretations of such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

While we take various measures, endeavor to comply with all applicable data privacy and protection laws and regulations, there is no guarantee that our current security measures, operation and those of our third-party service providers may always be adequate for the protection of our users, employee or company data against security breaches, cyberattacks or other unauthorized access, which could result in loss or misuse of such data, interruptions to our service system, diminished user experience, loss of user confidence and trust and impairment of our technology infrastructure and harm our reputation and business, resulting in fines, penalties and potential lawsuits.

In addition, we expect to continue facing uncertainty as to whether our compliance measures will remain adequate under rapidly evolving global and PRC data protection, privacy, and cybersecurity regimes. Any actual or perceived failure to comply with applicable laws and regulations could result in reputational damage, regulatory investigations, or proceedings initiated by government authorities, individuals, or other stakeholders. PRC regulatory authorities may also conduct various reviews and inspections on our business operations from time to time. If any non-compliance incidents in our business operations are identified, we may be required to take certain rectification measures in accordance with applicable laws and regulations, or we may be

RISK FACTORS

subject to other regulatory actions such as administrative penalties. Such actions may expose us to substantial civil or criminal liabilities, administrative penalties, or negative publicity, and could require us to modify our business practices, increase compliance expenditures, or suspend certain operations. Moreover, complying with relevant regulatory requirements may result in limitation to our scope of services, reduction in user engagement or loss of users, diversion of our management team’s attention and increased operational costs and expenses, and our existing and potential relationships with clients, vendors, and other partners may be adversely affected by proceedings or heightened data protection obligations imposed on them under applicable laws. Furthermore, any incident involving unauthorized access, leakage, or misuse of personal data could result in significant legal and financial exposure, and cause lasting harm to our reputation, business operations, financial condition, and prospects.

RISKS RELATED TO THE [REDACTED]

There has been no prior public market for our Shares and an active trading market may not develop.

Prior to the [REDACTED], there has not been a public market for our Shares. An active public market may not develop or be sustained after the [REDACTED]. The initial [REDACTED] for our Shares was the result of, and the [REDACTED] will be the result of, negotiations between us and the [REDACTED] on behalf of the [REDACTED] and may not be indicative of prices that will prevail in the trading market after the [REDACTED].

If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares maybe materially and adversely affected.

You will experience immediate dilution and may experience further dilution if we issue additional Shares or other equity securities in the future.

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

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

Our Controlling Shareholders collectively have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the Share Subdivision and the [REDACTED], the group of our Controlling Shareholders will be together entitled to control in aggregate approximately [REDACTED] of our total issued share capital and thus remain as a group of Controlling Shareholders upon [REDACTED]. The interests of the group of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that the group of our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged and their interests could be damaged. Any conflict of interest between the group of our Controlling Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

RISK FACTORS

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press and media coverage regarding us and the [REDACTED].

There may be, subsequent to the date of this Document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Document only and should not rely on any other information.

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

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

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters. The words “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedule,” “predict,” “aim,” “intend,” “consider,” “would,” “continue” and “outlook” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary 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. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in “Risk Factors” in this Document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

Certain facts, forecasts and statistics obtained from official government sources in this document may not be fully reliable.

Certain facts, forecasts and statistics in this document relating to the economy and the industry in which we operate our business on have been collected from official government sources. We cannot assure you nor make any representation as to the accuracy or completeness of such information. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the

RISK FACTORS

[REDACTED], the [REDACTED], any of their respective directors and advisors, or any other party involved in the [REDACTED] and no representation is given as to its accuracy. In any event, you should consider carefully the importance placed on such information or statistics.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to Decline.

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

On October 28, 2024, the U.S. Department of the Treasury issued a final rule, codified in U.S. Code of Federal Regulations at 31 C.F.R. part 850 (the “**Final Rule**”), to implement the Executive Order 14105 of August 9, 2023, which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with the PRC (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “covered foreign persons.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in covered foreign persons, which are defined as “covered transactions,” and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of PRC-based issuers including us. On February 21, 2025, U.S. President issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors.

Since our Company does not design, develop, produce, fabricate, package or manufacture an item covered under the “prohibited activities” as described under § 850.224 of the Final Rule, our Directors believe that our business activities do not fall under activities subject to the prohibition requirement. However, while the investments by U.S. persons in us is not a prohibited transaction, it may constitute a “notifiable transaction” as defined in § 850.217 of the Final Rule, and we would be considered a covered foreign person for purposes of the Final Rule by virtue of engaging in the development of AI systems. Accordingly, investments by U.S. persons in our H Shares in the [REDACTED] would be considered a covered transaction subject to notification requirement, which imposes an obligation on U.S. persons (but not our Company or any other parties involved in the [REDACTED]) to notify the U.S. Department of Treasury. Following the completion of the [REDACTED], it is expected that U.S. persons will be able to invest in our H Shares without the notification obligations based on the publicly traded securities exception under the Final Rule as long as the investment made does not afford a U.S. person certain rights that are not standard minority shareholder protections. However, the Final Rule nonetheless may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, which may negatively impact our ability to raise capital from U.S. investors.