An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. Particularly, we are a commercial company seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. Our operations and the specialist technology industry in which we operate involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your* [REDACTED] *in our H Shares.

The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the trading price of our H Shares could decline, and you may lose all or part of your* [REDACTED]*. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements".

RISKS RELATING TO OUR RESEARCH AND DEVELOPMENT OF OUR SOLUTIONS

Our success depends largely on our artificial intelligence ("AI") research and development ("R&D") and competitive technological capabilities to efficiently develop and innovate our solutions to meet customers' evolving needs of functionality, performance, reliability, design and security.

We utilize our proprietary technology to support our R&D activities and have been investing significantly in strengthening our R&D innovation capacity to develop solutions that meet evolving customer demands. Our R&D capabilities and technological leadership are dependent on multiple factors, including our ability to continuously upgrade, advance and innovate our solutions to adapt to emerging technologies and market requirements, and market sentiment and public perception regarding the accuracy, security and reliability of our technologies and the data we process.

There can be no assurance that we will be able to successfully address these or other factors that underpin our market position. Any failure to achieve or maintain competitive technological capabilities would materially and adversely affect our business, financial condition, results of operations and growth prospects. In addition, we cannot assure you that we will be able to continuously develop or successfully launch new solutions in the future. We may struggle to keep pace with evolving customer demands and preferences. Even though we track the latest market trends and customer's needs, we may not be able to develop the required products or solutions in time or at all. As we explore new industries, our unfamiliarity may result in slower development or misaligned strategies. If we are unable to deliver solutions that meet customer expectations, our business, financial performance, results of operation and prospects may be adversely and materially impacted.

AI technologies are constantly evolving. Any flaws or inappropriate usage of AI technologies, could have negative impact on our business and reputation.

AI technologies are undergoing rapid and continuous evolution. Although we have devoted substantial resources to R&D and undertaken other initiatives to respond to these changes, there is no assurance that such efforts will yield the anticipated benefits, or any benefits at all. AI technologies also remain in an early stage of development and are expected to continue evolving. Defects, limitations or deficiencies inherent in AI technologies may compromise the accuracy, reliability or completeness of the analysis and recommendations generated by our solutions. We cannot guarantee that we will be able to identify or correct such

issues promptly, or at all. Should our AI-driven recommendations, forecasts or analyses proven to be flawed or inaccurate, we could face potential legal exposure and reputational or ethical concerns. As with many disruptive innovations, AI technologies carry inherent risks and uncertainties that may influence public perception and user adoption. Misuse, inappropriate application or premature deployment of AI technologies, whether intentional or inadvertent, whether by us or third parties, could discourage potential customers from adopting AI solutions, hinder broader societal acceptance, and generate negative publicity. Any of above circumstances could expose us to regulatory or legal challenges, activist pressure, or heightened scrutiny from government authorities in China and other jurisdictions. Any of these outcomes could materially and adversely affect our business, financial condition, results of operations and prospects.

Our strong R&D process relies on recruiting and maintaining excellent R&D talents. If our current research collaborators or key R&D talents terminate their relationship with us or develop relationship with a competitor, our R&D capacities and business could be adversely and materially impacted.

Our strong R&D process relies on our ability to recruit, retain and motivate a pool of highly skilled employees with expertise in AI and other related technologies. As of June 30, 2026, our R&D team had 342 members, representing 37.8% of our total employees. There is no guarantee that these individuals will remain with us or refrain from working with our competitors. If they depart, our R&D processes may slow significantly or even come to a halt. Finding and onboarding qualified replacements may require substantial time and resources. If we are unable to retain our current collaborators or R&D personnel or to identify and locate suitable or qualified replacements in a timely manner, our R&D capacities and business could be adversely and materially impacted.

We have been and intend to continue investing significantly in R&D, which may negatively impact our profitability and operating cash flow in the short-term and may not generate the results we expect to achieve.

We have been investing significantly in our R&D efforts. Our R&D expenses were RMB55.4 million, RMB55.7 million, RMB78.8 million, RMB31.6 million and RMB42.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, accounting for 25.6%, 22.9%, 30.8%, 68.7% and 65.3% of our revenue, respectively. To remain competitive and support the growth and evolution of our solutions, our R&D expenses may continue to rise significantly, which could negatively impact our short-term profitability and operating cash flow. Despite these investments, there is no assurance that our R&D efforts will yield the intended results or deliver expected returns. Even when successful, the transition from R&D to commercialization may involve unforeseen technical, operational or market-related challenges. Emerging innovations could render our existing or planned technologies or solutions obsolete or less competitive. These risks may limit our ability to recoup development costs and could result in decreased revenue, profitability and market share.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

We may not be able to take or maintain adequate IP rights protection for our solutions, which may adversely impact our business, financial performance and results of operation.

We consider our patents, software copyrights, trademarks and other IP rights critical to our success. For details, please see "Business — Intellectual Property." There can be no assurance that our protective arrangements will always be sufficient or effective. We cannot guarantee that all parties will fully comply with their contractual obligations, and our agreements may not prevent unauthorized disclosure of proprietary information or provide adequate remedies if such disclosures occur. Moreover, third parties may independently develop technologies similar to ours or otherwise gain access to our trade secrets, thereby limiting our ability to assert exclusive rights. Such events could erode our competitive strengths and diminish the value of our technologies.

We may be subject to infringement of IP rights or misappropriation claims by third parties.

The markets in which we operate are characterized by substantial litigation concerning patents and other intellectual property rights. We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or violate IP rights held by third parties. Certain patent applications remain confidential for a period of time, and we cannot be certain that third parties have not filed or will not file patent applications that may cover our proprietary technologies. Even if we hold IP rights to our technologies, third-party may still initiate infringement or other related claims against us. Regardless of the merits of such claims, these third parties may seek and obtain injunctive relief or other equitable remedies, potentially halting or delaying our ability to continue providing our solutions and services. The defense of IP claims, regardless of their merits, could impose significant costs, and divert resources away from our core operations. Even if we ultimately prevail in such disputes, the expenses incurred could outweigh the benefits. Any adverse judgment, settlement or even the perception of such disputes could also negatively impact our reputation and financial condition. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not have any instances of material infringement of third parties' intellectual property rights.

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

Obtaining and maintaining our IP protection depends on compliance with various procedural, documentary and fee payment requirements imposed by governmental authorities in China and other jurisdictions. Failure to comply with such requirements, whether due to oversight, administrative error or resource constraints, could result in the rejection, invalidation or lapse of our IP rights. If any of our core patents or trademarks were to expire or be invalidated prematurely, our ability to protect technologies and solutions could be materially weakened.

Changes in IP law could diminish the value of IP rights in general and impair our ability to protect our solutions.

Changes in IP laws, including those governing software copyright, patentability of algorithms, and compulsory licensing, could reduce the value of our IP rights and impair our ability to protect the core technologies. Moreover, as we expand internationally, we may be affected by IP law developments outside China. Differences in protection standards, registration procedures, or enforcement mechanisms across jurisdictions may expose us to higher compliance burdens and increased legal costs. International treaties or policy changes in key markets could also influence the level of protection available for our IP rights. Any unfavorable changes in legal regimes could materially and adversely affect our ability to protect our innovations, maintain our competitive position and achieve long-term growth.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If either the growth of AI technology commercialization or the usage of AI in industry verticals we focus on does not meet expectation, or if the price or profit margin of our solutions decrease in the future, our business and prospects may be significantly affected.

Our business growth and prospects are closely tied to the commercialization of AI technologies and the adoption of AI-empowered solutions across the industry verticals we focus on. Although the AI industry is currently experiencing rapid growth, there is no assurance that this momentum will continue in the future. The pace of AI technology commercialization may slow due to changes in market dynamics, increased regulatory scrutiny, geopolitical factors or inherent technological limitations that hinder scalability, generalization or deployment efficiency. Additionally, evolving ethical considerations and data privacy concerns may also influence the speed and scope of AI adoption across industries. The industry verticals we serve, such as finance and security, also face their own development uncertainties. These factors may delay or reduce investment in AI adoption, thereby affecting customer demand. Any stagnation or decline in the development of the AI industry or the verticals we serve could materially and adversely affect our business, growth prospects and financial performance.

In addition, intensifying competition, changes in customer preferences or downward pricing pressures may reduce the average selling price or profit margin of our offerings. The commoditization of AI offerings and the growing availability of low-cost or open-source alternatives may further heighten competition. If we are unable to maintain competitive pricing while continuing to deliver value-added, innovative and differentiated solutions, our revenues, profitability and overall growth may be materially and adversely affected.

We use open-source foundation models to provide our solutions, any error in such software or failure to maintain these licenses could adversely affect our business.

We use open-source foundation models and software components in the development and provision of our AI solutions and will continue to use them in the future. Open-source models, i.e. DeepSeek and Qwen3, enable us to accelerate innovation, reduce costs and enhance scalability. We use these open-source foundation models as underlying technical components in the development of our solutions. These models provide general natural language understanding and reasoning capabilities, which we integrate into our solutions to support document analysis, content summarization, intelligent task planning and workflow orchestration in specific working scenarios. They enhance automation efficiency and process reliability, while our core competitiveness lies in our industry-specific solution design, data processing framework and workflow control mechanisms. However, because such software is developed and maintained by third parties over whom we have no control, we cannot guarantee the quality, security or reliability of the underlying code. Errors, bugs or vulnerabilities in open-source foundation models may impair the performance of our products, compromise data security or lead to service disruptions, which could adversely affect customer trust and our reputation. In addition, the use of open-source software is subject to specific license terms and conditions, many of which impose requirements regarding attribution, disclosure or distribution. If we inadvertently fail to comply with these license requirements, we could be required to release our proprietary source code, pay damages, or otherwise alter our business practices. Open-source licenses may change over time, and new interpretations of existing terms by courts or regulators could increase our compliance risks.

We may face exposure to complex, rapidly evolving laws and regulations relating to data security, privacy, and the protection of personal information. Any actual or perceived failure to comply with applicable requirements could harm our reputation, and result in material legal, financial, and operational adverse consequences.

In recent years, cybersecurity, data protection, and personal information protection have become areas of heightened regulatory scrutiny globally. In the PRC, government authorities have introduced and strengthened a series of laws, regulations, and policies governing these matters. The foregoing regulatory developments may affect the manner in which technology companies, including us, collect, use, store, and otherwise process data. We have implemented various measures to promote compliance. Please see "Business — Data Compliance and Data Security" for further information. We cannot assure you that the measures we have adopted, or may adopt in the future, will always be deemed adequate under applicable laws and regulations. In addition, the effectiveness of our data protection and cybersecurity measures may be compromised by system failures, interruptions, deficiencies, security breaches, or cyberattacks. Any actual or perceived failure to comply with then-current legal and regulatory requirements, or to adequately address cybersecurity, data protection, or personal information protection risks, could harm our reputation, discourage existing or potential users from using our solutions, and expose us to significant legal, financial, and operational consequences.

Furthermore, the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) became effective on September 1, 2022, together with the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) effective on March 22, 2024, require data processors that export personal information or important data meeting certain volume thresholds or other specified criteria to undergo a security assessment, file a standard contract for cross-border data transfer, or obtain a personal information protection certification. As of the Latest Practicable Date, we had not engaged in any cross-border data transfer activities. However, as our business expands, circumstances may arise in which such transfers become necessary. In that event, we may be required to comply with the foregoing requirements as well as any other applicable PRC laws and regulatory restrictions. Compliance may result in significant costs and could require us to modify our business practices in ways that could adversely affect our operations and financial performance.

In addition to government regulation, various privacy advocacy organizations and industry groups have adopted, and may continue to introduce, self-regulatory guidelines and standards. These standards may become legally or contractually binding on us, or we may choose to follow them voluntarily. We expect that new industry standards relating to cybersecurity, data protection, and personal information protection will continue to emerge, which may require us to incur additional compliance costs or modify our business practices in ways that could constrain our operations.

If such changes occur, we could face increased exposure to fines, litigation, regulatory investigations, public criticism, additional remediation expenses, and reputational harm. Our business, financial condition, and results of operations could be materially and adversely affected if newly adopted or revised legal requirements mandate significant changes to our data processing practices or are interpreted or implemented in a manner that negatively affects our operations. For our certain solutions that incorporate generative or synthetic algorithms, to comply with the Administrative Provisions on Algorithmic Recommendation in Internet Information Services and the Administrative Provisions on Deep Synthesis Internet Information Services, we have submitted the required filing for record for our two algorithms, Kingsware Intelligent Business Process Automation Generation Algorithm and Kingsware KiAgent S Enterprise-Grade Agent Platform Generation Algorithm, with the CAC Algorithm

Record-Filing System, which were both approved, as publicly announced by the CAC in May 2026 and verbally confirmed by the CAC in August 2026, respectively. Other than the algorithm filing, as advised by our PRC Legal Advisor, we also adopted other measures to ensure ongoing compliance with the applicable generative AI-related law and regulations, including but not limited to obtaining the Level III Filing Certification of Information System Security Protection. Any failure, or perceived failure, to adequately address cybersecurity, data protection, or personal information protection concerns, or to comply with applicable laws, regulations, standards, or other obligations, could require substantial resources and effort and could materially impact our business, financial condition, and results of operations.

Our results of operations are subject to seasonal fluctuations.

Our results of operations are subject to seasonal fluctuations. During the Track Record Period, our business demonstrated notable seasonality, with a higher portion of revenue recognized in the fourth quarter of each year. For details, please see "Business — Seasonality." As a result, our revenue, cash flow, and other key operating metrics may vary from quarter to quarter. Accordingly, our quarterly financial results may not be directly comparable to those of previous periods, and quarter-over-quarter trends may not be a reliable indicator of our annual performance. While our historical revenue growth has partially mitigated the effects of seasonality, any future slowdown in growth, or increased fluctuations in seasonal spending or project delivery schedules may exacerbate quarterly variability in our financial performance. If seasonal trends become more pronounced, our revenue, cash flow, results of operations, and ability to maintain stable growth from period to period may be materially and adversely affected.

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

If we fail to retain existing customers, attract new customers or increase the spending by our customers, our business and results of operations may be materially and adversely affected. Our ability to retain existing customers, attract new customers, as well as increase the spending by our customers depends on a number of factors. Some of our solutions are offered through a one-off software license, rather than on a recurring subscription basis. As a result, we may not be able to effectively retain our users after the initial sale. Our users may purchase additional licenses from us for additional functions as we develop more AI applications for new use cases and/or increase usage in existing use cases. However, there is no assurance that our users will repurchase from us within a short period of time, or at all. As a result, we may fail to retain our existing users. If we fail to retain existing customers or attract new customers, we may not be able to increase our revenue as quickly as we anticipate, or at all.

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

Our revenues depend primarily on the fees we charge for our AI solutions. As the market for our solutions grows, as our competitors introduce new solutions that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may face increasing pressure to lower our prices or provide greater discounts to attract or retain customers. Moreover, evolving customer expectations, industry standards and regulatory requirements may require us to add new features or modules to our solutions, increasing our operating costs. If we are unable to adjust our pricing models to reflect these costs, or if we reduce prices in response to market competition without achieving sufficient volume growth, our profit margins may be compressed. Any sustained pressure on pricing could materially and adversely affect our business, financial condition and results of operations.

If our expansion into new verticals is not successful, our business, prospects and growth may be materially and adversely affected.

Our future growth strategy includes expanding into new verticals, developing more solutions and exploring international markets to meet the needs of our customers. However, we may encounter significant challenges in successfully implementing these growth initiatives. Failed or poorly executed expansions could lead to financial losses, reputational harm and negative impacts on our stock price. There can be no assurance that we will be able to successfully execute our expansion plans or that such initiatives will ultimately enhance our business performance rather than divert resources from our core operations. The costs and challenges associated with these growth initiatives could materially and adversely affect our business, financial condition, results of operations and prospects. Furthermore, unsuccessful expansion may dilute our management's focus and divert resources from our core business. This could weaken our existing competitive strengths and reduce our ability to respond to evolving customer needs in our current markets.

We engage third party suppliers for certain software and services, which may subject us to related supply chain risks.

We engage third-party suppliers for certain software and services that are critical to the development and delivery of our solutions. This may expose us to risks such as delays, quality deficiencies, contractual disputes or termination of supply arrangements. If any of our key suppliers experience financial difficulties, operational disruptions or fail to meet our quality and security standards, our ability to deliver reliable and compliant services could be adversely affected. Given the sensitivity of data processed on our solutions, failures or security vulnerabilities on the part of suppliers, particularly in data hosting or software modules, could directly impact our compliance status and expose us to reputational harm or legal liabilities. Although we seek to diversify our supply sources and maintain contractual safeguards, there can be no assurance that such measures will fully mitigate supplier-related risks. If we are unable to secure timely and cost-effective supply, our operations, customer relationships and financial performance may be materially and adversely affected.

We may be subject to product liability claims.

During the Track Record Period, we did not experience any product liability claims. Our solutions may contain undetected errors, defects, security vulnerabilities or software issues, particularly when initially launched or when new versions or enhancements are introduced. Although we conduct extensive internal testing, it is not possible to identify and resolve all issues prior to release. As a result, our solutions may suffer from serious flaws that we are unable to rectify promptly, or at all, which could lead to lost revenue, increased costs, delayed or diminished market acceptance and harm to our brand and reputation. Any of these outcomes could adversely affect our business, financial condition and results of operations. Many of our customers rely on our solutions for mission-critical business functions. Consequently, any error, defect, security vulnerability, service disruption or software failure could cause operational or financial losses for these customers. In such cases, customers may pursue substantial compensation claims against us or choose to terminate their business relationships. Additionally, dissatisfied customers may publicly share their negative experiences, which could further damage our reputation and reduce future sales opportunities.

If we are unable to successfully expand our sales channel and increase the sales of our solutions, our business, financial condition, results of operations and prospects could be adversely affected.

Sales are critical to our business and financial performance. However, we face multiple challenges in converting these efforts into consistent revenue. Recruiting and retaining qualified sales professionals remains a challenge in today's competitive talent market. Even if we could retain such team, there is no guarantee that we could successfully execute our sales strategy, such as expanding into new industries, increasing customer base or launching new

projects with our existing customers. The purchasing decisions of our customers depend on numerous factors beyond our control, such as budget cycles, policy changes, internal priorities and lengthy approval chains. These variables can delay deals indefinitely or cause cancellations after significant resource commitments. Therefore, if we are unable to successfully execute our sales strategy, our revenue growth and financial performance could be adversely and materially impacted.

If our business relationship with our channel partners is terminated or otherwise changed, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our customers include both end users and channel partners. If any channel partner reduces its commitment to our solutions, changes its strategic priorities, or experiences financial or operational difficulties, our sales may decline significantly. Moreover, channel partners may also represent competing solutions, creating potential conflicts of interest. If they prioritize other solutions from competitors over ours, our market presence could be weakened. Termination of a channel partner agreement may lead to revenue loss and require us to rebuild market access through alternative arrangements, which could be costly and time-consuming.

Any failure to offer high-quality operation and maintenance services for our customers or end users may harm our relationships with them and, consequently, our business.

We recognize that providing high-quality operation and maintenance services is critical to customer satisfaction and our long-term business success. However, we face challenges in consistently delivering these services at the required standard. We may encounter difficulties in recruiting and retaining qualified support personnel with specialized product knowledge, which could limit our ability to respond promptly to customer needs. Additionally, we may struggle to scale our support operations to accommodate sudden increases in demand or to adapt our service offerings to keep pace with evolving industry standards and competitor capabilities. These limitations could lead to delayed response or inadequate technical assistance, potentially damaging customer relationships. Furthermore, surges in support demand may significantly increase our operating costs without corresponding revenue benefits. Any failure to meet service expectations, or even market perceptions of inadequate support, could materially harm our business prospects and financial performance.

Our brand is integral to our success. If we fail to maintain our brand and reputation, our business, financial condition and prospects could be materially and negatively impacted.

Our brand is integral to our success. As an AI solution provider, we rely heavily on our reputation for reliability, security, compliance and innovation to attract and retain customers. We execute a comprehensive, multi-channel marketing strategy designed to build brand awareness. However, there can be no assurance that these efforts will effectively maintain or enhance our brand value. Failure to protect our brand reputation, could erode customer trust and reduce demand for our solutions. Additionally, the costs of brand promotion continue to rise amid intense competition for consumer attention across digital and traditional media channels. If we fail to optimize our marketing expenditures or adapt to changing advertising trends, we may incur excessive costs without meaningful improvements in brand equity. Any significant damage to our brand perception or inability to justify our branding investments could materially harm our business, financial performance and results of operations.

Rumours or negative publicity involving us, solutions, services, management, customers, business partners or the AI industry in general, may materially and adversely affect our reputation, business, financial performance and results of operations.

Rumors or negative publicity involving us, solutions, services, management, customers, business partners or the AI industry in general may materially and adversely affect our reputation, business, financial performance and results of operations. For example, reports of data security vulnerabilities or alleged misconduct by employees or business partners could

attract negative media coverage and public scrutiny. Even if such reports are unfounded or inaccurate, they may reduce customer confidence, harm our brand and discourage potential clients from adopting our solutions. In addition, negative publicity regarding the AI industry, particularly in sensitive areas such as employment, privacy or workplace fairness, could indirectly harm our reputation. As public expectations for fairness, transparency and accountability in AI increase, any controversies in the industry may spill over to us and affect how our solutions are perceived. Managing reputational risks is especially challenging in the age of social media, where rumors and criticisms can spread quickly and broadly. Any significant reputational damage, regardless of its origin, could materially and adversely impact our ability to attract customers, maintain partnerships, recruit talent and achieve sustainable growth.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

As part of our growth strategy, we may pursue acquisitions of complementary businesses or technologies, minority investments, or strategic partnerships to enhance our product portfolio and expand into new markets. These transactions often involve significant costs, complex negotiations and integration risks. We may overestimate potential synergies, underestimate integration challenges or fail to achieve the expected benefits. In addition, acquisitions and alliances expose us to risks relating to unforeseen liabilities, cultural mismatches, conflicts of interest and management distraction. If acquired businesses underperform, or if integration results in disruptions to our operations, our financial condition and results of operations may be negatively affected. Moreover, unsuccessful transactions could lead to reputational harm, wasted resources and reduced investor confidence.

If we are unable to retain, attract, recruit or train key personnel, our business may be materially and adversely affected.

Our business depends substantially on the continuing efforts of sustaining our talent pool comprising key employees who support our existing operations and future growth. The industry we operate in is highly competitive in attracting skilled engineers, data scientists, sales professionals and experienced managers. If we fail to retain such personnel, or if we experience high turnover, our ability to innovate, deliver high-quality services and grow our customer base may be compromised. We devote resources to provide competitive compensation, career development and employee engagement programs. However, there can be no assurance that these measures will be sufficient. Loss of key employees, particularly those with specialized technical expertise or established customer relationships, could delay solution development, disrupt operations and weaken our competitive position. Any inability to retain, attract, recruit or train personnel may materially and adversely affect our business and growth prospects.

We require various approvals, licenses, permits and certifications to operate our business, any failure to obtain or renew any of these approvals, licenses, permits or certifications could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications to operate our business. Complying with such laws and regulations may require substantial expense and any non-compliance may expose us to liability. We have designed and adopted strict internal procedures to ensure compliance of our business operations with all relevant laws and regulations and to ensure that we obtain necessary approvals, licenses, permits and certifications for our business operations. However, we cannot guarantee we will be able to obtain all requisite approvals, licenses, permits and certifications in the future. Regulatory authorities who have extensive authority to supervise and regulate the industry we operate in may not interpret relevant laws and regulations the way we do. In addition, as the regulatory regime for the industries in which we operate continue to evolve, new laws, regulations are promulgated and implemented from time to time and the interpretation and application of existing laws, regulations and regulatory requirements are subject to changes.

We have granted, and may continue to grant, awards under our share incentive plans, which may increase our share-based payment expenses, adversely affect our financial condition and results of operations, and dilute the ownership interests of our existing shareholders.

We have adopted share incentive plans to provide equity-based compensation to our Directors and employees as a means of incentivizing and retaining individuals who contribute to our success. In 2023, we recorded share-based payment expenses of RMB8.3 million, RMB25.1 million in 2025, and RMB38.0 million for the six months ended June 30, 2026. We consider equity incentives to be an important tool in retaining key personnel. However, grants of share-based awards may dilute the shareholding of our existing shareholders. We expect that we may continue to issue additional share-based awards in the future, which could result in increased share-based payment expenses and could negatively impact our financial condition and results of operations. We may also adjust the vesting schedules, lock-up periods, or other key terms applicable to awards under our share incentive plans from time to time. Any such changes may lead to significant variations in our share-based payment expenses in the reporting periods following this [**REDACTED**].

We had net loss and negative cash flows from operating activities during the Track Record Period.

During the Track Record Period, we recorded net loss of RMB62.6 million in 2023, RMB122.2 million in 2024, RMB345.6 million in 2025 and RMB109.1 million for the six months ended June 30, 2026. We also generated negative operating cash flows in each year/period during the Track Record Period. We cannot guarantee that we will make profitability or keep generating positive cash flow each year/period in the future. We expect to continue to devote substantial resources to R&D, commercialization of our solutions and addressing unforeseen circumstances, which may affect our ability to achieve future profitability. Our ability to achieve and sustain profitability and generate positive operating cash flow in the future will depend on a number of factors, including our ability to develop new technologies, enhance customer experience, implement effective monetization strategies, compete successfully, and expand our customer base and revenues in a cost-efficient manner. However, these efforts may require significant time before generating returns, and as a result, we may continue to incur net losses in the future, and there is no assurance that we will be able to achieve or sustain profitability. Continued losses could adversely affect our financial condition, limit our ability to reinvest in our operations, and slow our overall business growth.

We had net current liabilities and net liabilities during the Track Record Period, which may adversely affect our liquidity.

During the Track Record Period, we recorded net current liabilities of RMB1,136.9 million, RMB1,389.7 million, RMB1,673.0 million and RMB1,727.4 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively, and net liabilities of RMB1,081.7 million, RMB1,203.7 million, RMB1,509.8 million and RMB1,578.7 million, respectively. These net current liabilities and net liabilities were primarily attributable to (i) the significant amount of redemption liabilities relating to shares held by certain pre-[**REDACTED**] investors that come with certain special rights; and (ii) a decrease in cash and cash equivalents as we increased expenditure in sales and marketing activities and continued to incur significant research and development expenses to support our business expansion. For further details, please see "Financial Information — Discussion of Selected Items from Consolidated Statements of Financial Position — Redeemable Liabilities". We cannot assure you that we will not continue to incur net current and net liabilities in the future. A prolonged net liabilities position may restrict our financial and operational flexibility. Any recurrence of net current liabilities could adversely affect our liquidity, as well as our ability to raise financing, obtain bank facilities, service outstanding debt obligations and declare or distribute dividends. In particular, our liquidity position may be further constrained if we fail to generate sufficient operating cash flow to meet our obligations under contract liabilities. Such circumstances could in turn impair our ability to execute our business strategies. If any of these events occur, our financial condition, results of operations and overall business performance may be materially and adversely affected.

We recorded provision for impairment loss during the Track Record Period.

We recorded provisions for impairment losses of RMB8.7 million in 2023, RMB2.4 million in 2024, RMB7.2 million in 2025. For the six months ended June 30, 2026, we recorded provisions for impairment loss of RMB10.9 million. Our impairment losses primarily represent allowances for expected credit losses on trade and bills receivables. We may be subject to further impairment losses on trade and bills receivables if their actual recoverability is lower than expected, which could adversely affect our cash flows and our ability to meet our working capital requirements, and in turn adversely affect our business, financial condition.

We face the risk of failing to collect our trade receivables due from customers, and our liquidity position may be adversely affected by mismatch among our trade and bills receivable turnover days and trade payables turnover days.

We are subject to the risk of being unable to collect our trade and bills receivables from our customers. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and bills receivables amounted to approximately RMB117.5 million, RMB125.8 million, RMB161.1 million and RMB109.5 million, respectively. During the Track Record Period, our average trade receivables turnover days have increased, indicating that the time required to collect payments from customers has lengthened. Prolonged turnover days may increase the risk of bad debts, particularly if our customers experience financial difficulties or if macroeconomic condition deteriorate. With the increases in both the absolute amount of trade and bills receivables and the average turnover days, our liquidity risk has heightened due to potential cash flow constraints. Insufficient liquidity may, in turn, limit our ability to meet short-term obligations, such as paying suppliers or funding operational expenses. We cannot assure you that all such amounts due from our customers will be settled promptly or within the agreed timelines. Any delays or default in collection could adversely affect our operating results, liquidity and profitability. In addition, there is an inherent mismatch amount our trade and bills receivable turnover days and trade payable turnover days. Any default or delay in payments by our customers may further exacerbate this cash flow mismatch, resulting in significant cash shortfalls and adversely impacting our cash position and operating performance.

The discontinuation of any of the government subsidies or any preferential tax treatments currently available to us could adversely affect our business, financial performance and results of operations.

Similar to many other PRC companies, we have benefited from government subsidies. We recognized government grants of RMB6.9 million, RMB11.8 million, RMB6.2 million and RMB4.2 million in 2023, 2024, 2025 and June 30, 2026, respectively. During the Track Record Period, we also enjoyed a preferential income tax rate of 15% because we obtained the High and New Technology Enterprise status. However, the timing, amount and eligibility criteria of government subsidies and preferential tax treatments are determined entirely at the discretion of the relevant governmental authorities. If we fail to maintain our New High-Tech Enterprise status, our applicable EIT rate may increase to the statutory rate of 25%, resulting in higher tax liabilities and adversely affecting our financial performance. There can be no assurance that we will continue to satisfy the requisite conditions to obtain such subsidies or preferential tax benefits. It is possible that government authorities may reduce, terminate or delay the provision of subsidies or preferential tax treatments, or require us to repay the subsidies or preferential treatments previously granted to us. Any reduction, withdrawal, repayment obligation or other adverse change in government subsidies or preferential tax treatment could materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to maintain our historical growth rates, and our past growth may not be indicative of our future performance.

We experienced significant growth during the Track Record Period. Our revenue increased by 12.3% from RMB216.7 million in 2023 to RMB243.5 million in 2024, and further increased by 5.2% to RMB256.1 million in 2025, achieving a CAGR of 8.7% from 2023 to 2025. However, we cannot assure you that we will be able to sustain similar growth in the future. Our growth depends on multiple factors, including overall macroeconomic conditions, the development of the AI and related industries, the availability of AI talent in China, the willingness of enterprises to adopt AI applications, our investment in technological innovation and AI solutions, our ability to attract and retain customers, our ability to deliver value through our enterprise data intelligence and AI offerings, and our ability to control costs and improve operating leverage. There is no assurance that we will be able to successfully manage growth or execute our business strategies. If the market for our solutions does not expand as anticipated, or if we fail to meet the evolving needs of this rapidly developing industry, our business, financial condition, and results of operations could be materially and adversely affected.

We may be subject to inventory obsolescence risk.

Our inventories and other contract costs primarily consisted of hardware and contract fulfillment costs incurred in connection with the development and deployment of our AI solutions. As of December 31, 2023, 2024, 2025 and June 30, 2026, we recorded inventories and other contract costs of RMB15.1 million, RMB18.5 million, RMB31.2 million and RMB53.8 million, respectively. During the Track Record Period, we recorded write-downs of inventories and other contract costs of RMB7.9 million, RMB7.9 million and RMB8.0 million and RMB8.2 million, respectively. The markets in which we operate are characterized by rapid technological development, evolving customer requirements and frequent upgrades of AI technologies and solutions. We cannot assure you that all inventories and contract fulfillment costs can be fully utilized or recovered. Changes in customer demand, delays, suspension or cancellation of projects, technological advancements, or the introduction of new products and solutions may render certain inventories or contract fulfillment costs obsolete or less recoverable. As we continue to expand our business and undertake more projects, the amount of inventories and contract fulfillment costs may increase, which may expose us to a greater risk of inventory obsolescence and write-downs. If we are unable to effectively manage our inventories and contract fulfillment costs, or if additional provisions or write-downs become necessary, our gross profit, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain sufficient capital to support our business or R&D strategies, or we may only be able to raise funds on terms that limit our ability to operate and grow our business.

We believe that our current cash and cash equivalents, together with anticipated cash flows from operations, will be sufficient to meet our working capital and capital expenditure needs for the next 12 months. However, executing our business strategy requires significant capital investment, and actual capital expenditures may differ from our current expectations as we respond to market developments, business opportunities, and industry trends. We cannot assure you that our existing resources and cash flows will be adequate to satisfy our future funding requirements or that we will not need additional financing. If we seek additional equity or debt financing and are unable to obtain it on acceptable terms, or at all, we may be unable to execute our business or R&D strategies as planned, which could materially and adversely affect our growth prospects and business operations.

We are subject to risks related to international trade policies, trade restrictions, export controls and economic or trade sanctions arising from national security concerns.

Our business operations may be materially and adversely affected by the escalating trade tensions and uncertainties in the trade relationship between the PRC and the U.S. The shifting geopolitical landscape has been marked by heightened strategic competition, increasingly divergent policy objectives, and growing frictions across a broad spectrum of areas, including trade, technology, national security, and economic cooperation. The U.S. government has, in recent years, imposed a series of trade restrictions, additional tariffs, and export controls targeting Chinese industries and entities, including various restricted party lists and sanctions regimes administered by different U.S. government agencies. These measures reflect the broader decoupling trends and strategic realignment in the bilateral relationship, and the scope of such restrictions has been expanding over time. We did not experience any international trade restrictions, export controls or trade sanctions during the Track Record Period. Our solutions integrate advanced technologies that may rely on third-party software components, computing infrastructure or semiconductor hardware subject to export controls or other international trade restrictions. Escalating geopolitical tensions and national security considerations among major economies could lead to tighter regulatory scrutiny or restrictions on the transfer of sensitive technologies. Any further escalation of the tensions of Sino-U.S., whether through additional legislative measures, executive orders, or regulatory actions, could materially and adversely affect our business operations, financial performance and prospects, and could also impair our ability to access international capital markets. We actively monitor international policy changes and ensure compliance with applicable export control and sanctions laws. However, these regulations are complex, subject to interpretation and may change rapidly. Any inadvertent violation could result in fines, loss of export privileges or reputational harm. Furthermore, uncertainty arising from global trade disputes, tariffs or sanctions could reduce customer confidence and slow down our overseas expansion. Consequently, our business operations, financial condition and prospects may be materially and adversely affected.

We are in the process of prudently expanding our international operations, which exposes us to significant regulatory, economic and political risks, the failure to handle which may adversely affect our business, results of operations, financial condition and prospects.

As we are expanding our business globally, we are increasingly exposed to a wide range of risks and operational challenges, including difficulties in understanding local markets and cultures, heightened competition, complex distribution logistics, increased operational costs and challenges in maintaining relationships with channel partners, customers and local stakeholders. Any failure to deliver high-quality solutions or to effectively manage our overseas operations, could damage our brand reputation. Additionally, global expansion subjects us to complex foreign regulations, political and economic instability, which may reduce demand and investor confidence. Geopolitical tensions could also disrupt global trade and technology exchanges, potentially limiting our access to critical components or technologies essential to our operations. Given the unpredictable nature of these risks, we cannot guarantee our ability to fully anticipate or mitigate them. Failure to manage these challenges may adversely affect our business, financial condition and operating results.

Misconduct, non-compliance and omissions by our employees, business partners or third parties could harm our business and reputation.

Misconduct, non-compliance and omissions by our employees, business partners or third parties could harm our business and reputation, such as falsifying records, leaking confidential information or engaging in unethical practices, could expose us to legal and reputational risks.

We may not be able to identify and deter misconduct and unlawful activities by such foregoing persons, and the precautions we take to detect and prevent such misconduct and unlawful activities may not be effective in controlling unknown or unmanaged risks. In any such event, we could incur liability to our customers or any other third parties. In addition, we rely on third parties to deliver services and expand our reach. If these parties engage in misconduct, such as misrepresenting our products, violating anti-corruption laws or mishandling customer data, we may be held responsible for their actions. Such risks are difficult to monitor and control fully, especially as we expand into new markets and verticals. Even isolated incidents of misconduct can attract significant public attention, leading to negative publicity, regulatory scrutiny and erosion of customer confidence. Failure to effectively manage misconduct risks could materially and adversely affect our brand, financial performance and long-term prospects.

We may be involved in legal proceedings and commercial disputes, which could have a material adverse effect on our business, financial performance and results of operation.

As our business expands, we may from time to time be subject to claims, lawsuits, arbitration, administrative proceedings or other legal disputes in relation to contract performance, intellectual property, employment matters, data protection, product liability or compliance obligations. Even if such claims are without merit, defending against them may result in substantial costs, diversion of management's attention and disclosure of sensitive information. Unfavorable outcomes in any proceedings could result in monetary damages, injunctions, regulatory sanctions or other penalties. Such consequences may adversely affect our business operations, financial condition and reputation. Furthermore, negative publicity associated with legal disputes could weaken customer and investor confidence, which may in turn reduce our ability to expand and compete effectively.

Failure to register for and/or make adequate contributions to social insurance and housing provident funds for our employees in accordance with applicable laws and regulations may subject us to penalties.

As required by the PRC laws, a company that enters an employment contract with an employee should make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we engaged third-party human resource agencies to administer social insurance and housing provident fund payments for certain employees. This practice was adopted because some employees, working across different cities in China, preferred their contributions to be made in their local jurisdictions for easier access to benefits. While such arrangements are not unusual in China, they do not strictly comply with PRC laws and regulations. According to our PRC Legal Advisor, authorities may require us to directly manage these payments under our own accounts rather than through third parties. If the agencies we engaged fail to fulfill their payment obligations as mandated by law, we could be compelled to rectify the situation by making full contributions ourselves. Any such requirement could have a material adverse impact on our business, financial condition and operational results.

Additionally, during the Track Record Period, we did not make full social insurance and housing provident fund contributions for some employees. The amount of shortfall in contribution to the social insurance and housing provident fund contributions amounted to RMB13.2 million in 2023, RMB16.2 million in 2024, RMB19.3 million in 2025 and RMB9.3 million as of June 30, 2026. Our Directors believe that such shortfall would not have a material adverse effect on our business, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we had not received any notification from relevant PRC laws and regulations to pay such shortfalls; (ii) no administrative penalties or rectification orders have been issued by PRC authorities regarding these contributions; (iii) we were not aware of any

employee complaints with respect to social insurance and housing provident funds; and (iv) according to our PRC Legal Advisor, the risk of being imposed any administrative penalties by the relevant PRC authorities for our non-compliance concerning social insurance and housing provident fund contributions is remote provided that we pay the unpaid amount for social insurance and housing provident funds in full amount and in a timely manner after receiving notices to rectify the non-compliance from the relevant PRC authorities. Therefore, we did not make any provision relating to such shortfall. However, we cannot guarantee that such actions will not occur in the future. If required, we may need to settle the overdue amounts within a stipulated timeframe. Failure to comply could result in penalties or enforcement measures by the People's Court. Any such developments may materially and adversely affect our business, financial position and operating performance.

We may face penalties for the non-registration of our lease agreements.

Pursuant to applicable PRC laws and regulations, property lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of June 30, 2026, we leased 48 properties in the PRC. As of the same date, 26 of our lease agreements of our above-mentioned properties had not been registered with relevant authorities, primarily due to the difficulty of procuring the relevant lessors' cooperation to register their leases. As the registration of a lease agreement requires the cooperation between the lessor and lessee and lessors are typically unwilling to undertake the administrative burden, we were not able to complete the registration of lease agreements mentioned above. We have adopted internal policies that (i) request our employees to proactively coordinate with lessors to complete the registration for all of our lease agreements and (ii) require our employees to complete the registration of lease agreements in instances in which lessors are willing to cooperate in such procedures. As advised by our PRC Legal Advisor, the failure to complete the registration does not in itself invalidate the leases, or result in us being required to vacate the leased properties under PRC Law, but we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for each of our lease agreements that have not been registered with the relevant PRC governmental authorities. As of the date of this Document, we were not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties the lease agreements of which have not been registered with the government authorities. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

We have limited insurance coverage, which may not be adequate to cover all risks of losses associate with our business operation.

We maintain insurance policies in accordance with relevant laws and regulations and based on our assessment of the needs of our operations and industry practices. Any uninsured loss or damage to property, litigation or business disruption may result in us incurring substantial cost or diverting our resources, which could have an adverse effect on our results of operations. The damages and losses caused by occurrence of certain incidents, may not be adequately covered by our insurance policies, or at all. If we face significant liabilities that exceed the coverage limits of our insurance policies, or if such liabilities are not fully covered by insurance, we may incur substantial costs and losses. These could materially and adversely impact our financial condition and operating results.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial performance and results of operation.

Our business could be materially and adversely affected by natural disasters, health epidemics and pandemics, which could disrupt our supply chain, damage infrastructure and hinder workforce productivity. Natural disasters, including snowstorms, earthquakes, fires and floods may damage our suppliers' production facilities, our equipment and inventory. Such damage could lead to production delays of suppliers, inventory shortages or obsolescence, increasing impairment charges as well as repair and replacement costs. Additionally, these events may disrupt power, communications and transportation networks, further hindering business operations. Widespread health epidemics could significantly disrupt our supply chain, affecting raw material imports of suppliers, third-party's warehousing and delivery. Travel and trade restrictions during such events may delay the flow of goods, leading to inventory shortages, production bottlenecks and higher costs, either from securing alternative suppliers or paying inflated prices for scarce materials. These disruptions could materially and adversely impact our business, financial performance and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Developments in China's economic, political or social conditions or government policies could have a material and adverse effect on our business and results of operations.

Due to our extensive operations in China, our business, financial condition, results of operations and prospects are affected by economic, political and legal developments in China. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing may affect our business, financial condition, results of operations and prospects.

The PRC legal system with its interpretation and enforcement is evolving.

The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. As the legislation in China and the PRC legal system has continued to evolve rapidly over the past decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters. However, many of these laws and regulations are relatively new and there is a limited volume of published decisions and enactments. In particular, there exist substantial uncertainties surrounding the evolvement, interpretation and enforcement of regulatory requirements of cybersecurity, data security, privacy protection as well as anti-monopoly, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and adverse impact on our business. As a result, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. Therefore, there are uncertainties involved in their implementation and interpretation, and it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection available to you and us. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

You may experience difficulties in effecting service of legal process upon or enforcing foreign judgments against us or our Directors or senior management.

Most of our assets are located in the PRC, and the majority of our Directors and senior management reside in the PRC and are PRC citizens. As cross-border service of process is typically cumbersome and time-consuming, investors outside of Chinese Mainland may find it difficult to effect service of process upon us or our Directors and senior management residing in Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC only if the jurisdiction has a treaty with the PRC or if the jurisdiction has been otherwise deemed by the courts of the PRC to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. On January 18, 2019, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "Arrangement"), which came into effect on January 29, 2024. The Arrangement is intended to provide greater clarity and certainty with respect to recognition and enforcement of a broader range of civil and commercial judgments between Hong Kong and Chinese Mainland, and eliminates the previous requirement of a written choice of court agreement for such bilateral recognition and enforcement. As a result, a judgment rendered by a Hong Kong court may generally be recognized and enforced in Chinese Mainland even if the parties have not entered into a written choice of court agreement. However, we cannot assure you that all judgments rendered by Hong Kong courts will be recognized and enforced in Chinese Mainland, as the recognition and enforcement of any specific judgment remains subject to case-by-case review and discretion of the relevant PRC court under the Arrangement.

Payment of dividends is subject to restrictions under PRC law.

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

Our ability to utilize our fund effectively is subject to administrative requirements relating to currency conversion.

Under current foreign exchange regulations of Chinese Mainland, payment of current account items, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Prior registration and other procedures with competent government authorities is required where

Renminbi is to be converted into foreign currency and remitted out of Chinese Mainland to pay capital expenses. Furthermore, there is no assurance that new regulations will not be promulgated in the future that would have further requirements on the remittance of Renminbi into or out of Chinese Mainland.

Policies on foreign investment in the PRC may adversely affect our business and results of operations.

Foreign investment activities in the PRC are subject to regulatory restrictions with respect to industry participation and may require additional review or verification by relevant government authorities. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "Negative List"), sets out the restrictive measures applicable to foreign investments. The Negative List covers 11 industries, while sectors not included on the Negative List are, in principle, open to foreign investors on the same basis as domestic investors. As of the Latest Practicable Date, our principal business in China does not fall within the scope of the Negative List. However, certain industries remain expressly prohibited for foreign investment, which may prevent us from pursuing opportunities in those sectors. In addition, the Negative List is subject to change and may be updated from time to time. If our business or any of its segments were to fall within industries that are subsequently prohibited or restricted for foreign investment, and we are unable to obtain the necessary approvals from the relevant authorities, we may be required to divest, restructure or discontinue such business. Any such adjustments to our corporate structure or business operations as a result of changes in PRC foreign investment policies could materially and adversely affect our business, financial condition and results of operations.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares.

Under the current tax law in China, any dividends paid by us to non-PRC enterprise shareholders may be subject to PRC withholding tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such dividends are deemed to be from PRC sources. Additionally, gains realized on the sale or other disposition of our Shares may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprise shareholders or 20% in the case of non-PRC individual shareholders if such gains are deemed to be from PRC sources. Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise.

Any failure to comply with regulatory requirements relating to the registration of employee share incentive plans may subject our plan participants or us to fines or other legal or administrative penalties.

The Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (Hui Fa [2012] No. 7) stipulated that PRC citizens and non-PRC citizens who reside in the PRC for a continuous period of at least one year and who participate in a stock incentive plan of an overseas publicly listed company, with limited exceptions, must register with SAFE through a qualified domestic agent and complete certain related procedures. In addition, an overseas entrusted institution must be appointed to handle matters relating to the exercise or sale of stock options and the purchase or sale of shares.

Upon completion of the [**REDACTED**], we and our directors, executive officers, and employees who are PRC citizens or who reside in the PRC for at least one year and have been granted equity awards will be subject to these registration and compliance requirements. Failure to complete the required SAFE registrations may result in the imposition of fines and other legal or administrative sanctions on the relevant participants or on us. Due to these regulatory requirements, we cannot assure you that we will be able to continue adopting additional incentive plans for our directors, executive officers, or employees in compliance with PRC law. In addition, the SAT has issued various circulars governing the taxation of employee share options and restricted shares. Under these rules, our PRC-based employees who exercise share options or receive restricted shares are subject to PRC individual income tax. We are required to file relevant documentation with the applicable tax authorities and to withhold individual income tax from employees upon the exercise of their share options. If our employees fail to pay, or if we fail to properly withhold, such taxes in accordance with applicable laws and regulations, we may be subject to penalties or other sanctions imposed by PRC tax authorities or other governmental bodies.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] for our H Shares was determined through negotiations among us and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), and may differ significantly from the market price of our H Shares following the [**REDACTED**]. Although we have applied for [**REDACTED**] of, and permission to [**REDACTED**], our H Shares on the Stock Exchange, there is no assurance that an active or liquid public market will develop or be sustained after the [**REDACTED**]. The price and trading volume of our H Shares may be volatile and could vary significantly from the [**REDACTED**] due to numerous factors, many of which are beyond our control, including our financial results, unexpected interruptions to our business, departure of key personnel, developments in PRC laws and regulations, our ability to compete effectively against competitors. As a result, the market price of our H Shares may be subject to substantial fluctuations not directly related to our operating performance. [**REDACTED**] in our H Shares may therefore suffer significant losses.

The liquidity, trading volume, and market price of our Shares following the [REDACTED] may be volatile, and [REDACTED] may experience substantial losses.

The [**REDACTED**] and [**REDACTED**] of our H Shares may fluctuate significantly due to factors beyond our control, including political developments in Hong Kong and broader market conditions in Hong Kong and other markets globally. In particular, the business performance and share price movements of other companies operating in similar industries may influence the [**REDACTED**] of our H Shares. Moreover, shares of other companies listed on the Stock Exchange with substantial operations or assets in the PRC have previously exhibited considerable price volatility. As a result, our H Shares may also be subject to [**REDACTED**] that are not directly related to our operating performance but instead reflect broader political or economic conditions in Hong Kong, the PRC, or global markets.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

We have significant discretion as to how we will use the [**REDACTED**] of the [**REDACTED**], and you may not necessarily agree with how we use them. While we presently intend to apply the [**REDACTED**] from the [**REDACTED**], our management will retain broad discretion over the allocation of funds. [**REDACTED**] will have limited ability to influence the use of [**REDACTED**]. In addition, our actual use of [**REDACTED**] may differ from our current plans due to changes in market conditions, evolving customer needs, new business opportunities or unforeseen regulatory requirements. We cannot assure you that the [**REDACTED**] from the [**REDACTED**] will be invested in a manner that yields favorable returns or enhances shareholder value.

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

Since our inception, we have not declared or paid any dividends on our Shares, and there is no guarantee as to whether, when or in what form dividends will be paid following the [**REDACTED**]. Our ability to pay dividends will depend on a number of factors, including the level of profits available for distribution, our cash flow, financial condition, capital expenditure requirements, compliance with PRC laws and regulations, and other factors deemed relevant by our Board of Directors. We expect to continue to devote significant resources to product development, technological innovation and expansion of our platform in order to implement our growth strategies. As a result, even if our financial statements indicate that our operations are profitable, we may retain earnings to support business development rather than distribute them as dividends. Accordingly, [**REDACTED**] should not place reliance on dividends as a source of investment return, and any failure to declare or pay dividends may adversely affect the value of our H Shares.

A significant increase or perceived significant increase in the supply of our H Shares in public markets in the future could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of our H Shares.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or even the perception that such sales or issuances may occur. Future sales or anticipated sales of substantial amounts of our securities, including any future capital raising activities, could also materially and adversely affect our ability to secure financing at a specific time or on terms favorable to us. In addition, our existing shareholders may experience dilution of their interests if we issue additional shares or securities in the future. New shares or share-linked securities issued by us may also carry rights and privileges that are superior to those conferred by our existing H Shares, which could further reduce the value of our investors' holdings.

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

Our Controlling Shareholders have substantial influence over our business. Immediately following the completion of the [**REDACTED**] and the Share Split, our Controlling Shareholders will collectively own approximately [**REDACTED**]% of the voting power of our outstanding share capital, assuming the [**REDACTED**] is not exercised. The concentration of voting power and the substantial influence of our Controlling Shareholders may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their H Shares as part of a sale of our Company and may negatively affect the trading price of our H Shares. In addition, the interests of our Controlling Shareholders may differ from those of our other shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions, or to take or fail to take actions or decisions, which may conflict with the best interests of our other shareholders.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, contained in this document.

We rely on independent government official publications to provide context for our market position, particularly the section headed "Industry Overview." While we have taken reasonable care to ensure the accuracy of this information, it is based on estimates and research methodologies that are beyond our control. Investors are cautioned that the industry statistics

and forecasts included in this Document have not been independently verified and may not be consistent with other information compiled within or outside China. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**] nor our or their respective affiliates and advisers involved in the [**REDACTED**], and no representation is given as to its accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

There may have been, prior to the publication of this Document, and 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**]. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Such information has not been prepared or independently verified by us, the Joint Sponsors, the [**REDACTED**] or any of their respective affiliates. Accordingly, when considering whether to invest in our H Shares, you should rely solely upon the information contained in this Document and any formal announcements or communications issued by us in connection with the [**REDACTED**]. Reliance on media reports or other third-party publications that are not part of this document could result in a decision based on incomplete, inaccurate or misleading information, which may in turn expose [**REDACTED**] to potential losses.

Forward-looking information in this Document is subject to risks and uncertainties.

This Document contains forward-looking statements relating to our operations and future prospects, identified by words such as "anticipate," "believe," "estimate," "expect," "plan," "prospects," "intend," "going forward" and similar expressions. These statements reflect our current expectations with respect to future events but are subject to risks, uncertainties and assumptions, including those described in "Risk Factors". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from those expressed or implied. Accordingly, the inclusion of forward-looking statements in this Document should not be regarded as a guarantee that our expectations will be achieved. Investors are cautioned not to place undue reliance on these statements, which speak only as of the date of this Document. All forward-looking statements contained herein are qualified in their entirety by reference to the cautionary statements set out in this section.