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. 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 or prospects. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**]. *Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.*

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" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to the R&D of our solutions; (ii) risks relating to the commercialization of our solutions; (iii) risks relating to our intellectual property rights; (iv) risks relating to our financial condition and need for additional capital; (v) risks relating to our general operations; (vi) risks relating to doing business in the jurisdictions where we operate; and (vii) risks relating to the [**REDACTED**].

RISKS RELATING TO THE R&D OF OUR SOLUTIONS

The industry in which we operate is characterized by constant development. If we fail to continuously innovate our technology and provide innovative solutions that meet the expectations of our customers, our business, financial condition and results of operations may be materially and adversely affected.

The AI data infrastructure industry is defined by constant development and fast-paced innovation. Customer requirements and industry dynamics are rapidly evolving, driven by increasing demand for high-performance storage, distributed architectures, intelligent data management and integration with cloud and edge computing environments. To remain competitive, we must not only launch new technologies in a timely manner but also iterate existing solutions to incorporate advancements in scalability, interoperability and cost efficiency. Our ability to maintain a competitive edge depends on factors including continuous innovation, anticipate market trends, effective integration with diverse platforms and ecosystems, expansion into new verticals and rapid response to competitive product launches and technological breakthroughs.

Such activities are inherently complex, resource-intensive and subject to uncertainty. We may encounter technical challenges, extended validation cycles or hardware compatibility issues that will delay their commercialization. Even if we succeed in developing innovative solutions, there is no assurance that they will achieve anticipated market acceptance. Customers typically undertake extended internal assessments and testing prior to adopting new technologies, which may result in longer sales cycles and higher acquisition costs. Furthermore, rapid technological evolution in our industry could render existing or in-progress technologies obsolete or less competitive. If we fail to anticipate these shifts or respond quickly, we may risk losing relevance and market share. Any of the foregoing factors could materially and adversely affect our ability to sustain growth, maintain and improve our technological capabilities and achieve our long-term strategic objectives.

We have consistently allocated substantial resources to research and development and expect to continue making strategic investments to enhance our core technologies and broaden our solution portfolio. During the Track Record Period, we incurred research and development expenses of RMB110.0 million, RMB88.0 million, RMB77.2 million, RMB38.0 million and RMB41.4 million

in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 65.9%, 51.0%, 28.9%, 38.2% and 22.3% of our total revenue for the respective years/periods. If we are unable to generate commercial returns from our research and development investments, or if revenue from new offerings does not offset development costs, our operating cash flow, profitability, business and financial condition may be materially and adversely affected.

We may fail to attract, recruit or retain key R&D personnel. Even with an R&D team in place, our R&D activities are inherently uncertain and may not yield expected results.

The development and optimization of AI data infrastructure require highly specialized expertise across multiple disciplines, including data architecture, high-performance computing, algorithm design and hardware-software integration. If we are unable to attract or retain individuals with these critical skills, particularly in the event of the departure of our core team members, we may face difficulties in identifying suitable replacements in a timely manner due to limited talent supply and internal reserves. This could result in delays in our R&D progress, disruption of technical continuity and hinder the maintenance and iteration of existing solutions. Furthermore, competition for R&D talent in the AI infrastructure industry is intense. If we fail to offer competitive compensation, career development opportunities or an innovative working environment, we may experience increased employee turnover and failure to attract suitable talents.

Our research and development efforts in AI data infrastructure are subject to significant uncertainty. The complexity of technical pathways, long validation cycles and dependencies on external factors such as hardware availability, compatibility with GPUs and TPUs and integration with evolving enterprise IT environments may prevent us from achieving our outcomes as expected. Certain technologies may encounter challenges such as insufficient algorithm efficiency, bottlenecks in storage performance or misalignment with customer use cases, which could hinder commercialization or reduce market acceptance. Additionally, if we fail to anticipate and respond to shifts in technological trends, such as changes in data processing standards or emerging architectures, we may miss critical innovation windows, thereby weakening our competitive position. Any of the foregoing events could materially and adversely affect our ability to deliver innovative solutions, maintain and improve our technological capabilities and achieve our growth objectives, which in turn could negatively impact our business operations, financial condition and results of operations.

RISKS RELATING TO THE COMMERCIALIZATION OF OUR SOLUTIONS

If we are unable to compete effectively, our business, financial condition and prospects may be materially and adversely affected.

We operate in the highly competitive market of AI data infrastructure, where we primarily compete with companies that sell storage arrays, integrated systems and servers, as well as infrastructure and management software. This market is characterized by constant change and rapid innovation. Our main competitors may include traditional storage array vendors, traditional IT systems vendors and providers of hyper-converged infrastructure and software-defined storage products. In addition, as the market for distributed storage and all-flash architectures grows, we expect to attract new entrants as well as increased participation from existing large vendors. Public cloud service providers may also serve as alternative solutions, creating additional competitive pressure on our business.

We face competition from existing and potential competitors that may possess stronger market positions, broader customer and partner relationships, greater innovation capabilities and substantially greater financial, technical and other resources than we do, and may leverage these advantages through pricing, bundled offerings and strategic partnerships, which could materially and adversely affect our business, operating results and future prospects.

The size of our addressable markets and the demand for our AI storage solutions and services may not increase as rapidly as we anticipate due to a variety of factors.

Our business growth depends on the continued adoption of AI data infrastructure. However, we cannot assure you that this technological innovation will achieve broad market acceptance within the timeframe we expect. The AI data infrastructure market remains at an early stage and its growth trajectory is subject to significant uncertainty, including customer inertia, integration and migration challenges, high upfront investment and hardware supply constraints, limited market awareness, cybersecurity concerns, and evolving regulatory requirements. Any of these factors could reduce demand for our AI storage solutions, limit our growth and adversely affect our business, results of operations and financial condition. Moreover, such conditions may intensify competition, placing greater pressure on our ability to maintain and improve our technological capabilities, product differentiation and cost advantages. External macroeconomic trends, including fluctuations in enterprise IT spending and global economic uncertainty, could further constrain demand for AI data infrastructure and related services. Failure to achieve anticipated market growth would materially and adversely impact our business operations, financial performance and long-term strategic objectives.

Failure of our AI storage solutions and services to satisfy customer demands or to achieve increased market acceptance could adversely affect our business, results of operations, financial condition and growth prospects.

Conventional IT infrastructure remains deeply embedded in many end-customers' data centers due to historical investments and the established knowledge base and skill sets of IT administrators. As a result, we must devote significant resources to educating customers regarding the benefits of our solutions and addressing concerns relating to migration costs, integration complexity, system compatibility and security. Enterprise customers often conduct extensive evaluations before adopting new infrastructure, which may result in longer sales cycles and higher customer acquisition costs. If we are unable to effectively demonstrate the performance, cost efficiency and reliability of our solutions, customers may delay adoption or choose competing products, which could limit our market penetration and growth prospects.

Our AI storage solutions are designed to operate across a wide range of technological environments and integrate with various hardware, software and infrastructure protocols. However, industry standards and technology frameworks continue to evolve rapidly, and customer requirements are becoming increasingly complex. If we are unable to maintain compatibility in a timely and cost-efficient manner, or if customers encounter technical challenges during integration, testing or deployment, our ability to deliver consistent performance and meet customer expectations could be compromised, which may negatively impact on our market position. Any compatibility issues or challenges encountered during integration, testing or deployment could adversely affect customer experience, reduce adoption and retention and impair our competitive position.

Our sales and marketing efforts are critical to our business. However, there is no assurance that these efforts will remain successful.

Our sales and marketing efforts are critical to our business, and there is no assurance that these efforts will continue to be successful. Our operating results can vary due to the resource requirements of our sales activities and the variable length of our sales cycle. The process from initial contact with a potential customer through the purchase or integration of our solutions and services usually involves significant time and resources, such as evaluating organizational needs and informing prospective customers about the technical features and benefits of our solutions. There can be no assurance that these efforts will result in successful sales, that actual sales will align with our forecasts, or that customers will deploy and utilize our solutions effectively to achieve the intended outcomes. The effectiveness of our sales and marketing initiatives is largely contingent upon our capacity to maintain customer relationships and augment the presence of our offerings through sales and marketing efforts. This requires us to recruit, develop and retain skilled

sales professionals who possess substantial industry expertise, solid technical communication abilities and demonstrated sales proficiency. New hires generally require extensive training and may take considerable time to achieve full productivity, which may limit their effectiveness compared to more experienced personnel. If we fail to recruit, train and retain sufficient numbers of effective sales personnel, and as a result are unable to acquire new customers or increase sales to existing customers, our business, operating results and growth prospects could be materially and adversely affected. In addition to acquiring new customers, we must maintain stable relationships with existing customers to ensure satisfaction, drive renewals and upselling opportunities, and preserve our brand reputation. Effective customer relationship management requires ongoing communication, timely technical support and consistent service delivery, and as our customer base expands, complexity and costs of maintaining these relationships will increase. Failure to meet these requirements could result in customer attrition, reduced renewal rates or negative publicity, any of which could adversely impact our revenue and market position.

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

We deliver innovative AI storage solutions within the AI data infrastructure market to address the diversified needs of customers across various verticals including intelligent manufacturing (including industrial vision, edge AI and LCD panel), financial institutions, telecommunications operators and technology enterprises, and we have successfully expanded into new verticals such as the finance industry in the past. However, we cannot assure you that we will be able to maintain this momentum in the future. As a new entrant into any vertical, we face certain risks and challenges. We may not have an established customer base in these new markets, which may make it more difficult to gain traction and build trust with prospective customers. In addition, there may already be one or more established market leaders in the verticals we choose to enter. Such companies may compete more effectively than we do by leveraging their experience in that vertical, deeper industry insights and stronger brand recognition. We may also be subject to additional regulatory requirements that apply to these businesses. Moreover, entering new verticals often requires substantial investment in research and development to adapt our existing technology or build new capabilities tailored to specific industry requirements. These efforts may involve complex integration, longer development cycles and higher costs, and there is no assurance that such initiatives will succeed or achieve market acceptance. Expansion into new verticals could place considerable strain on our management and resources, and any failure to expand successfully could have a material adverse effect on our business and prospects.

We have a limited track record in mass commercialization of our solutions.

Our experience in launching, marketing and scaling solutions for widespread adoption within the AI data infrastructure market remains limited. Achieving large-scale commercialization in this sector may entail greater inherent risks, require extended timelines and result in higher costs compared to enterprises with a more established track record. Furthermore, introducing new solutions necessitates additional resources. Given our limited history in mass commercialization, we cannot assure that customers will adopt our solutions, that sales performance will align with our forecasts, that third parties will deploy and operate our solutions effectively to deliver satisfactory user experience or that we will maintain comprehensive quality control. Any of these factors, individually or collectively, could materially impede our commercialization efforts and, consequently, adversely affect our business and operating results.

The sales cycles for our solutions can be long and unpredictable, which can result in significant time lag between initial contact with a prospective client and execution.

The deployment cycle for our solutions can be long and unpredictable, often involving multiple stages of planning, integration and testing before full implementation. These extended timelines may significantly lengthen the sales cycle, resulting in a substantial time lag between initial engagement with a prospective customer and contract execution or revenue recognition. Such

delays can affect our cash flow and the accuracy of our revenue forecasts and increase uncertainty in our operations. Customers often require installation and configuration before our solutions become fully operational in their environment. This process typically involves assessing compatibility with the customer's existing IT architecture and may require us to customize and adjust our solutions to ensure integration with the customer's hardware, software and security standards. For large enterprise customers, deployment may also involve cross-departmental system integration, data migration, access control and integration with third-party applications, which can significantly extend implementation timelines and increase technical risks and resource commitments. If we fail to effectively meet customers' unique requirements, projects may be delayed and its functions may be limited, which could lead to customer dissatisfaction. Customized deployment generally requires significant involvement of technical personnel for architecture design, testing and go-live support, and any shortage of qualified staff or skills gaps could impair delivery quality. As customer requirements become increasingly complex, we must maintain flexible technical capabilities and sufficient resources to address customization challenges across diverse environments. Otherwise, our sales cycles may be further extended which would further delay revenue realization for our solutions and services, which could adversely affect our business, financial condition and results of operations.

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

Our AI data infrastructure solutions and services are typically offered on a project basis, and our revenue growth largely depends on retaining existing customers, attracting new customers and increasing overall customer spending. Customer retention and expansion depend on various factors, including our ability to provide more cost-effective solutions that meet customer needs at competitive prices, the adaptability of our solutions to varied customer requirements, our ability to maintain and improve our technological capabilities, the responsiveness of our after-sales services and the effectiveness of our sales and marketing efforts. If we fail to successfully retain existing customers or attract new customers, our revenue growth may fall short of expectations or may not materialize at all. As our customer base grows and diversifies into additional verticals, we may be unable to promptly deliver solutions that meet the specific customer needs or provide adequate, diversified customer support. This could lead to customer dissatisfaction, decline in overall demand for our solutions and loss of anticipated revenue. Furthermore, if we fail to meet customer service expectations, our reputation may be eroded, which could further limit our ability to retain existing customers and attract new ones, thereby materially and adversely affecting our business, financial condition and future prospects.

Any failure of our solutions to perform as required, or any failure by us to offer adequate customer services could harm our business, financial condition and prospects.

Proper use of our solutions depends on customers receiving adequate training and ongoing technical support throughout the contract term. If training or maintenance services require more resources than initially estimated, our margins may fall below projections. As our business and customer base expand, we must scale our support and maintenance capability. However, we may not be able to recruit or retain sufficient qualified personnel to address short-term spikes in demand, which could negatively affect customer satisfaction. In addition, our solutions may involve complex technology, making installation and post-sale services highly demanding. If installation or initial configuration is not performed correctly, system performance may be inadequate or outcomes may fall short of expectations, increasing the need for additional support. The installation process may involve hardware deployment, system integration and specialized configuration for customer environments, and any errors in these steps could result in operational instability. Beyond installation, ongoing post-sale services including system updates, troubleshooting, performance optimization and integration with evolving customer requirements, can be resource-intensive and require specialized expertise. Any installation errors, misconfiguration, or failure to provide appropriate implementation, analytical or maintenance services could lead to customer

dissatisfaction, contract terminations or non-renewals, reduced payments, negative publicity or legal claims against us. Any of these events could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our patents and other non-patented intellectual properties are valuable assets. Insufficient intellectual property protection or unauthorized use by third parties may reduce our competitive advantage and lead to conflicts that adversely affect our business, financial condition and results of operations.

Our ability to maintain a competitive edge in the AI data infrastructure market depends significantly on obtaining, maintaining and enforcing intellectual property rights for our core technologies in the jurisdictions where we operate and sell our products. We rely on a combination of patents, trademarks, copyrights, domain names, trade secrets and contractual safeguards to protect our innovations and commercial identity. However, developing and maintaining an intellectual property portfolio involves inherent uncertainties. Applications may not be granted, may be delayed or may provide narrower protection than anticipated, while ongoing maintenance and enforcement require significant resources and compliance with applicable legal requirements. In addition, intellectual property protection may be inadequate in certain jurisdictions, and evolving legal frameworks may reduce the scope or value of our rights.

Third parties may infringe, misappropriate or otherwise improperly use our intellectual property, and our protective measures may not fully prevent such activities. Enforcing or defending our rights may require costly, time-consuming and uncertain litigation or administrative proceedings, which could result in our intellectual property being limited, invalidated or held unenforceable. Any loss or weakening of intellectual property protection could materially and adversely affect our business, financial condition, results of operations and future prospects.

We could face claims of intellectual property infringement or misappropriation from third parties, which, if determined against us, could potentially result in significant damages and sales restrictions.

Certain competitors and non-practicing entities maintain extensive intellectual property portfolios and may allege that our planned commercialization of specific technologies infringes or misappropriates their rights, particularly during regulatory registration processes with government authorities. Regardless of merit, any resulting disputes could lead to prolonged and costly legal proceedings. Competitors may also strategically leverage intellectual property litigation to delay our market entry and gain a competitive advantage. Our evaluations on whether our technologies may infringe or misappropriate third-party intellectual property rights may be limited in scope, may not be conducted for each product, feature, market or jurisdiction, and may not be exhaustive due to the vast number of patents in the AI and data infrastructure fields. Any actual or alleged infringement claim could require us to devote significant resources to defence, incur damages, licensing or settlement costs, delay or restrict commercialization of our solutions, redesign technologies, enter into licensing arrangements on unfavorable terms, or harm our reputation and strategic relationships. Any of these events could materially and adversely affect our business, financial condition and results of operations.

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

Our trade secrets, including system architecture and workflow methodologies, are critical to our competitive position and are primarily protected through contractual arrangements, such as confidentiality and non-compete obligations with employees and business partners. However, such arrangements may not provide adequate protection against unauthorized disclosure, misuse or

misappropriation of our trade secrets, whether by current or former employees or other parties. Any failure to maintain confidentiality or enforce contractual obligations could result in the loss of our proprietary know-how and adversely affect our competitive position and business.

The risk is amplified by the nature of our collaborations. In the course of working with distributors, suppliers, customers, technology partners and other external parties, we may need to share technical documentation, interface specifications and integration protocols to enable product development and service delivery. We cannot fully prevent third parties from mishandling or misappropriating sensitive information, whether through negligence, insider misconduct or cybersecurity breaches. A single incident of leakage could compromise critical intellectual assets, expose us to contractual liabilities and damage our reputation, and the remedy we have under the agreement may not be sufficient. As we expand our global footprint, cross-border partnerships may further increase complexity, as trade secret laws vary significantly across jurisdictions and enforcement may be costly, time-consuming and uncertain.

Furthermore, technologies relevant to our business may be independently developed by third parties, and we may from time to time face allegations regarding the unauthorized use or disclosure of third-party proprietary information by our personnel. Any such claims could result in litigation, injunctions, regulatory investigations or financial liabilities and require significant management attention and resources to defend. Any of the foregoing events could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We may not be able to raise adequate capital to finance our business or R&D strategies, or we may be able to do so only on terms that significantly restrict our ability to operate and grow our business.

The implementation of our business strategies may require substantial capital outlays. As we pursue our growth initiatives and respond to developments in the industry where we compete, our capital expenditures may differ significantly from our expectations. There is no assurance that our available funds and cash flow from operations will be sufficient to meet our future cash needs or that we will not require additional equity or debt financing. If we determine that additional funds are necessary and are unable to obtain financing on acceptable terms, or at all, we may be prevented from fully implementing our business or research and development strategies, which could adversely affect our growth prospects and competitive position. Even if we are able to secure additional financing, such financing may involve unfavorable terms, including dilution of existing shareholders' interests, increased financial costs or restrictive covenants that could limit our operational flexibility. Furthermore, conditions in the capital markets, interest rate fluctuations and changes in regulatory policies may increase the difficulty or cost of obtaining financing. If we are unable to obtain sufficient funding under favorable terms or at all, our ability to execute our business plans, manage our daily operations, invest in technology development, expand into new markets and maintain our competitive position could be materially and adversely affected.

We have incurred net losses in certain years/periods during the Track Record Period and may incur additional losses in the future.

We have experienced substantial net losses in recent years/periods. During the Track Record Period, we incurred net losses of RMB180.7 million, RMB84.2 million and RMB10.5 million in 2023, 2024 and the six months ended June 30, 2025, respectively. We recorded net profit of RMB7.1 million and RMB0.3 million in 2025 and the six months ended June 30, 2026, respectively. We cannot assure stable profitability in the foreseeable future as we continue to make significant investments in research and development to advance our AI data infrastructure technologies and expand our operations. In addition, we expect to incur incremental costs associated with operating as a public company during a period of rapid growth. The extent of our future losses will depend on various factors, including the scale and complexity of our research and development initiatives,

the costs associated with commercializing new solutions, our ability to generate sustainable revenue streams and the timing and amount of payments tied to preliminary and final acceptance or other obligations under arrangements with third parties. There can be no assurance that we will achieve profitability within the timeframe we expect or that we will maintain profitability once achieved. Even if we become profitable, we may not sustain profitability in subsequent periods. Failure to achieve or maintain profitability could materially reduce the value of our company and impair our ability to raise additional capital, fund ongoing research and development programs, expand our operations or execute our growth strategy. In such circumstances, our business prospects would be significantly weakened, and [**REDACTED**] could lose all or a substantial portion of their [**REDACTED**].

We recorded net operating cash outflows historically, which may continue in the foreseeable future and expose us to liquidity risk.

We also recorded net cash outflow from operating activities of RMB152.6 million, RMB39.3 million, RMB25.5 million and RMB93.5 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. We cannot ensure that cash inflows will consistently align with payment obligations. Continued negative operating cash flow could require additional financing to sustain operations and fund expansion. If we fail to generate sufficient internal cash or obtain external funding, our liquidity and growth plans may be materially constrained. Alternative financing would increase costs and may not be available on acceptable terms. External factors such as competitive dynamics and macroeconomic shifts could further pressure our cash flow condition. For example, changes in upstream supply conditions and procurement costs may affect our inventory procurement strategies and overall cost structure, which could increase working capital requirements and further affect our operating cash flow. Persistent operating cash deficits would erode working capital and impair our ability to meet operating expenses.

We are exposed to credit risks related to our trade receivables.

Our trade receivables primarily arise from sales of our products. As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade and notes receivables (net of allowance for credit losses) was RMB54.7 million, RMB32.7 million, RMB88.6 million and RMB123.5 million, respectively. The collection of amounts due from our customers may not always be timely, which could result in slow turnover of trade receivables and constrain our working capital resources. In 2023, 2024, 2025 and the six months ended June 30, 2026, our trade and notes receivables turnover days were 145.7 days, 91.2 days, 81.8 days and 102.8 days, respectively. We cannot assure that we will recover the amounts due from our customers within the agreed credit terms, or at all. Failure to receive payments on a timely basis could adversely affect our cash flows and financial position. In addition, disputes arising from customer defaults may be time-consuming and costly to resolve, and we may not succeed in recovering such amounts. If we are unable to effectively manage credit risk or implement appropriate collection measures, we may face increased bad debts and impairment of receivables, which could materially and adversely impact our cash flow, working capital turnover and overall financial performance.

We may fail to accurately forecast market demand for our solutions and maintain an optimal inventory level.

As our business expands, effective inventory management is critical. Our inventories primarily consist of raw materials, finished goods and goods in transit related to solution delivery. During the Track Record Period, our inventories decreased from RMB32.3 million as of December 31, 2023 to RMB22.9 million as of December 31, 2024 further increased to RMB24.1 million as of December 31, 2025, and further increased to RMB55.1 million as of June 30, 2026. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 182.0 days, 158.4 days, 87.6 days and 79.7 days, respectively. We cannot guarantee full recoverability of inventories, particularly in the event of changes in customer requirements or project delays or cancellations. Overestimating demand may result in excess inventory leading to potential write-downs, write-offs or discounted sales negatively impacting financial performance. Conversely, underestimating

demand could cause raw material shortages or delivery delays harming customer relationships and operational efficiency. Numerous factors such as unexpected raw material shortages, rapidly changing market trends and unforeseen natural disasters make it difficult to anticipate demand and manage inventory levels effectively. As our business grows, the risk of inventory obsolescence may increase, which could materially and adversely affect our business, financial condition and results of operations.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, we benefited from government grants and subsidies, part of which are non-recurring in nature or are subject to periodic review. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, the value-added tax refund we recognized amounted to RMB10.2 million, RMB8.7 million, RMB10.1 million, RMB3.4 million and RMB5.4 million, respectively. In addition, our Company was qualified as a High-New Technology Enterprise and was entitled to a preferential income tax rate of 15% during the Track Record Period. We are also entitled to claim 175% of the research and development expenses incurred in a year/period as tax deductible expenses in determining the taxable income for that year/period, which was further increased to 200% since October 1, 2022. In addition, the unutilized tax losses incurred by the qualified HNTE can be utilized in ten years from the year of loss. See Note 11 of the Accountants' Report in Appendix I to this document. However, the relevant government authorities may at any time decide to reduce or cancel the grants or preferential tax treatments previously available to us, or even require us to repay part or all of the grants we have received, which could adversely affect our business, financial condition, results of operations and prospects. As some of the government grants we received are typically one-off and non-recurring in nature, there is no assurance that we will continue to obtain or benefit from such support in the future. Furthermore, we may not be able to successfully or timely secure new government grants or preferential tax treatments that may become available, and any such failure could materially and adversely impact our business, financial condition, results of operations and prospects.

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

Our revenue was RMB166.8 million, RMB172.5 million, RMB267.0 million, RMB99.5 million and RMB185.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit increased from RMB92.4 million in 2023 to RMB109.9 million in 2024, and increased from RMB109.9 million in 2024 to RMB170.4 million in 2025. Our gross profit increased from RMB69.8 million in the six months ended June 30, 2025 to RMB96.3 million in the six months ended June 30, 2026. Past performance does not necessarily guarantee future results. Our ability to maintain and improve our business operations depends on successfully executing several key strategies, including developing technological breakthroughs, effectively commercializing our R&D results, expanding and optimizing our sales network, prudently managing operating costs, attracting and retaining qualified talent, as well as responding to evolving market and competitive pressures. Failure to execute these strategies could hinder our future success and adversely affect our revenue and profitability.

In addition, our historical operating results, while providing insights into past performance, may not be indicative of future results. Changes in market conditions, shifts in customer preferences, technological advancements, competitive dynamics, as well as unforeseen events such as economic downturns, regulatory changes and supply chain disruptions, could significantly impact our business outcomes. Therefore, reliance solely on historical data may not provide a comprehensive understanding of our future prospects. Furthermore, we have a limited operating history compared to some of our competitors. As a result, it may be difficult to evaluate and reliably predict future performance based on our current business outlook. We may encounter unforeseen expenses, complexities, delays and other known and unknown factors, and may not achieve expected results in future periods. As a result, relying solely on our historical data may not offer a comprehensive understanding of our prospects.

Fair value change for financial assets at fair value through profit or loss may adversely affect our results of operations and financial condition.

We made investments in certain financial products in 2024 and recorded a carrying amount of financial assets at fair value through profit or loss ("FVTPL") amounted to nil, RMB50.1 million, nil and nil as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. We may, depending on market conditions and our treasury management needs, continue to make similar investments in the future. Our financial assets primarily consist of structured deposits issued by licensed banks in China. See Note 24 to the Accountants' Report in Appendix I to this document. Going forward, we may continue to invest in financial products, which exposes us to fluctuations in fair value. Factors beyond our control, such as macroeconomic conditions, interest rate changes, capital market volatility and regulatory developments, could lead to fair value losses, adversely affecting our results of operations and financial condition. In addition, these investments may yield less than anticipated, and their fair values may fluctuate significantly, creating uncertainty in valuation. Failure to realize expected returns could materially impact our business and financial position. Valuation of these financial assets and equity instruments may rely on certain assumptions that may not reflect actual market conditions, resulting in discrepancies between recorded fair value and realizable prices. In the event that we fail to address any and all uncertainties and risks, we may have limited or no recourse and the value in our investments may decrease. Any changes in fair value of financial assets at FVTPL will directly affect our profit or loss statements and may negatively impact our overall financial condition.

We have a limited operating history, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

We are a technology company with a limited operating history. Our operations have primarily focused on building our intellectual property portfolio, conducting research and development activities and commercializing our products and solutions. Due to our limited track record, revenue fluctuations during the Track Record Period and the rapidly evolving nature of our industry, it may be challenging to assess our current business or predict our future performance with certainty. Our historical results may not provide a reliable basis for evaluating our business, financial condition or prospects, and we may face unforeseen expenses, complications, delays and other factors that could hinder our progress. If we fail to address these risks and overcome these challenges, our business and prospects could be adversely affected.

RISKS RELATING TO OUR GENERAL OPERATIONS

The standards of applications for AI technologies and data security are constantly evolving. Any inappropriate use or flaws of such technologies, whether actual or perceived, intended or inadvertent, or committed by us or by other third parties, could have negative impact on our business and the public's acceptance of data management services.

The standards governing the application of AI technologies and related regulatory requirements are continuously evolving. Any inappropriate use or technical defect, whether actual or perceived, whether intentional or inadvertent, and whether committed by us or by third parties, could adversely affect our business and the public's acceptance of AI storage solutions. As a company focused on AI data infrastructure, our technologies primarily cover distributed storage architectures, unified software-defined storage platforms and heterogeneous hardware integration. These technologies remain subject to uncertainty and potential risks inherent in a rapidly developing industry, including potential errors or inefficiencies affecting data aggregation and processing accuracy, the need for significant investment to keep pace with technological advancements, supply chain disruptions or compatibility challenges relating to compute-intensive workloads and hardware, cybersecurity vulnerabilities that could result in unauthorized access or service interruptions, and evolving regulatory and technical compliance requirements across diverse hardware ecosystems and jurisdictions that may increase operational complexity and costs. If any of these risks materialize, whether actual or perceived, we could experience customer attrition,

operational constraints and reputational damage, and may be required to allocate substantial resources to address these issues. Furthermore, the rapidly changing global regulatory environment may impose tightened compliance obligations and could require modifications to our existing offerings to ensure full compliance with applicable laws.

We engage third party suppliers for certain hardware, which may subject us to supply chain risks.

Our business relies significantly on third-party service providers, particularly for hardware procurement. We must source performance-critical components such as solid-state drives (SSD), memory and network interface cards (NICs) from third-party suppliers. These components are essential to the performance and stability of our products. Any delay, shortage or significant price fluctuation in the supply of these components could directly affect our production schedule, delivery timelines and cost management, which may adversely impact our business and operating results. Moreover, suppliers may impose substantial price increases during market-wide cost increases, which customers may be unable or unwilling to accept, potentially leading to project delays or cancellations. If we are unable to maintain stable relationships with existing suppliers, we may be required to switch to alternative suppliers. This could result in substantially higher procurement costs, delayed hardware procurement and, in some cases, difficulty in sourcing suitable replacements, thereby increasing supply chain risk. In addition, because we do not control the operations or quality standards of the components provided by our suppliers, we cannot fully guarantee that all hardware sourced from suppliers will meet optimal performance requirements. Such uncertainty may lead to product performance degradation, diminished customer experience and potential contractual breaches or liability claims.

In addition, these third-party suppliers may not continue to provide required components on commercially reasonable terms or may cease providing services altogether. If we lose access to such suppliers or if they perform unsatisfactorily, breach contractual obligations or experience financial difficulties, we may incur additional costs, experience delays or interruptions in delivering our solutions, or be required to replace them with alternative providers. Any of the foregoing circumstances could result in service disruptions, missed customer commitments, increased operating expenses and reputational harm.

We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations.

In 2023, 2024, 2025 and the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period accounted for 45.2%, 56.1%, 63.5% and 56.3% of our total purchase amount for these respective years/periods. In these same respective years/periods, purchases from our single largest supplier in each year/period accounted for 22.6%, 21.0%, 35.5% and 22.6% of our total purchase amount. We cannot assure you that there will not be any dispute between our major suppliers and us, or that we will be able to maintain stable business relationships with our existing suppliers. Any interruption in their operations, deterioration of our relationships, termination of supply arrangements, changes in procurement terms or inability to meet our requirements could result in supply shortages, increased procurement costs or delays in delivery. In addition, alternative suppliers may not be available in sufficient quantities, of suitable quality or at acceptable prices within a reasonable period of time. Any prolonged disruption in supply or increase in procurement costs could adversely affect our operations, profitability and growth prospects.

We may not be successful in implementing our business plans and strategies effectively or at all, which could materially and adversely affect our business, financial condition and prospects.

We are actively pursuing a range of strategies to drive business growth. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]." The execution of new strategies involves inherent risks and uncertainties. Many of these initiatives are in early stages and may require

significant investment in technology development, infrastructure and talent acquisition. Some strategies may take longer than anticipated to achieve commercial viability or market acceptance, and there is no assurance that they will deliver the expected results. Our ability to execute these plans effectively depends on factors such as accurate market forecasting, timely product development, successful integration of new technologies and efficient allocation of resources. In addition, we may lack sufficient experience in implementing certain initiatives, particularly those involving unfamiliar markets or emerging technologies. Operational complexities, regulatory hurdles and unforeseen technical challenges could further delay progress or increase costs. If these strategies fail to gain traction or generate anticipated returns, we may be unable to recover associated expenditures, which could adversely affect our revenue growth and profitability. Moreover, we may pursue multiple initiatives simultaneously, which may strain management attention and organizational resources, potentially impacting our core operations. Failure to manage these risks effectively could impair our ability to achieve strategic objectives and weaken our competitive position.

Our business growth might be affected by our distributorship network. If we fail to maintain our existing distribution channel, our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, we rely on distributors to expand our market reach. In 2023, 2024, 2025 and the six months ended June 30, 2026, our total sales to distributors amounted to RMB98.2 million, RMB102.9 million, RMB190.4 million and RMB121.9 million, respectively, representing 58.9%, 59.7%, 71.3% and 65.6% of our revenue for the corresponding years/periods. As we have limited control over the operations of our distributors, we cannot assure you that they will consistently comply with our distributorship agreements, standards, sales policies or applicable laws and regulations, maintain stable sales performance, or continue to prioritize our products. Any misconduct by distributors, including corruption, bribery or other illegal acts while selling or promoting our products or using our brand names, could harm our reputation. If our relationship with a distributor is materially disrupted or terminated for any reason, we may not be able to replace such distributor with one of comparable capabilities in a timely and cost-effective manner, or at all. We also face credit risk as distributors may delay payments or default on their obligations, which could negatively impact our cash flow and financial condition. Inventory management presents additional challenges. We cannot assure you that we will always accurately track inventory levels across our distribution network or prevent excessive inventory buildup. If distributors fail to sell sufficient quantities of our products to end customers, inventory accumulation could adversely affect our sales and profitability. Moreover, any significant expansion of our distribution network or concentration of sales among certain distributors may lead to internal competition and cannibalization. Any of these factors could disrupt our ability to manage, expand and optimize our distribution network.

We have relatively high customer concentration, and a loss of any these major customer may adversely affect our business, results of operations and financial condition.

During the Track Record Period, we had a relatively high level of customer concentration. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our five largest customers in each year/period amounted to RMB88.2 million, RMB88.6 million, RMB102.5 million and RMB103.2 million, representing 52.9%, 51.4%, 38.3% and 55.5% of our total revenue for the same years/periods, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue generated from our largest customer in each year/period amounted to RMB28.6 million, RMB36.7 million, RMB45.7 million and RMB41.1 million, respectively, representing 17.1%, 21.3%, 17.1% and 22.1% of our total revenue for the same years/periods, respectively. There is no assurance that our existing customers, particularly our five largest customers in each year/period during the Track Record Period, will continue to purchase our solutions and services, that we will be able to maintain or strengthen our relationship with them, or that we will be able to continue

supplying our solutions and services to them at current levels, or at all. If any of our key customers were to substantially reduce the frequency or scale of their orders, or cease doing business with us entirely, we may not be able to secure sufficient replacement orders from other customers on comparable terms or at all.

Our business is subject to seasonality.

Our business is subject to seasonality. Demand for data storage solutions and related services may fluctuate throughout the year. We typically generate more revenue in the second half of the year, particularly in the fourth quarter, primarily due to factors such as enterprise budget cycles, fiscal year-end IT spending and peak periods of data generation. These seasonal variations can result in uneven revenue streams, pressure on supply chain and inventory management, as well as challenges in capacity planning. If we fail to accurately forecast these fluctuations, we may experience underutilization of resources during low-demand periods or shortages during peak periods, which could lead to increased costs, delayed deliveries and reduced customer satisfaction. In addition, seasonality may impact our ability to maintain consistent cash flow and profitability, particularly if high-demand periods do not align with our operational or financial planning.

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain a variety of insurance policies, including property insurance and employer liability insurance. However, insurance coverage is inherently limited, and there is no assurance that these policies will fully protect us against all potential losses. Certain risks may fall outside the scope of coverage or exceed applicable limits, leaving us exposed to financial liabilities. For example, unforeseen events such as significant business disruptions, major legal disputes or large-scale natural disasters could result in claims that surpass the protection offered by our existing policies. In such circumstances, we may be required to bear substantial costs ourselves, which could negatively impact our liquidity and overall financial condition. Furthermore, even for insured events, there is no guarantee that claims will be processed successfully or settled in a timely manner. Delays or disputes with insurers could create cash flow pressures, and compensation received may be significantly lower than the actual losses incurred. Any shortfall between insurance payouts and real damages could require us to allocate additional resources, potentially affecting our ability to fund operations or pursue growth initiatives. If our insurance arrangements fail to provide adequate protection during critical incidents, we may incur uninsured or underinsured losses and experience operational disruptions.

We may not be able to fully maintain quality control over our products.

The quality and reliability of our products and solutions depend on the effectiveness of our quality control systems. These systems rely on factors such as the quality and reliability of critical hardware components, the robustness of our software architecture, the competence of our technical staff and the adequacy of our training programs, as well as our ability to ensure strict adherence to established quality protocols. However, we cannot guarantee that our quality control and assurance procedures will consistently prevent or resolve deviations from our standards. Any significant failure or deterioration in these systems could result in malfunctioning of our integrated machines, software bugs, data integrity issues, cybersecurity vulnerabilities or other losses, and could harm our market reputation and relationships with customers and business partners. In addition, the quality of parts and components supplied by third-party vendors for our integrated machines is beyond our direct control. We cannot assure you that these parts and components are free from defects, meet required specifications or comply with relevant quality standards. We rely on the quality control measures of our suppliers and partners, and any failure on their part could expose us to customer complaints, warranty claims and product liability risks. In some cases, we may not be able to obtain indemnification from suppliers, and any legal proceedings against them could be time-consuming and costly regardless of the outcome.

Real or perceived errors, failures or disruptions in our solutions could adversely affect our reputation and our business could be harmed.

Our business operations rely on proprietary technologies that underpin our data storage solutions. Any material defect or malfunction in these technologies could adversely affect not only specific functionalities but also the overall performance of our products. Remediation of such issues may require significant time and financial resources, and there can be no assurance that these efforts will fully resolve the problems. There is no guarantee that these technologies will operate without interruption or error. Should such defects or errors occur, they may materially impair user experience, reduce confidence in our solutions and result in reputational harm and loss of market share. The sophisticated nature of our solutions also exposes them to undetected errors, particularly when new products are introduced, additional features are deployed, or when integrating with third-party technological infrastructures or protocols. Actual or perceived defects, vulnerabilities or failures could lead to adverse publicity, operational disruptions and potential legal liabilities, any of which may be costly and time-consuming to address. These issues could significantly damage our reputation, erode customer trust and adversely affect our ability to maintain or expand market share.

Our success relies on key management and other qualified personnel with specialized skills.

Our ability to achieve sustainable growth depends on the expertise and commitment of our key management and specialized personnel, as well as our capacity to attract, recruit and retain such talent. We rely on our research and development team to drive technological innovation and product advancement, our sales network to maintain close customer relationships and our senior management to ensure effective oversight and execution of strategic initiatives. These individuals are critical to our operational efficiency and long-term competitiveness. However, the supply of qualified professionals in these fields is limited, and competition for talent remains intense. Shifts in labor market conditions, evolving employee expectations and industry-wide demand for technical expertise may significantly challenge our ability to maintain a robust workforce. The loss of research personnel could delay development projects, weaken our innovation capability and erode accumulated technical know-how, consequently undermining our competitive edge. Similarly, turnover among sales personnel may disrupt internal coordination and damage customer relationships, which could adversely affect our market position. In addition, onboarding and training new employees would require considerable time and resources, which may temporarily reduce productivity and service quality. Newly hired personnel may also take time to adapt to our corporate culture and operating model, and their short-term performance may fall below expectations, impacting on customer satisfaction and growth potential. In some cases, new hires may struggle to fit in our existing team and leave prematurely, resulting in additional recruitment costs. Furthermore, if departing employees join competitors, the risk of technology leakage, loss of customer resources and exposure of market intelligence could intensify competitive pressures. Consequently, the inability to retain or promptly replace key management or specialized personnel could impair the execution of our business strategies, slow product development, weaken customer relationships and materially and adversely affect our financial condition and operating results.

We may be subject to product liability claims if our solutions contain defects. We could incur significant expenses to remediate such defects, as a result, our reputation could be damaged.

Our solutions may experience errors, defects, security weaknesses, service disruptions or software malfunctions that are difficult to detect and resolve, especially when first launched or when new versions or enhancements are released. In addition, hardware components that support our solutions may experience defects or failures, which could further disrupt solution performance and reliability. We cannot assure that similar issues will not arise in the future. Certain flaws may only become apparent after commercialization and deployment, requiring significant additional development work and remediation costs. Any malfunction or vulnerability could cause financial losses for them, potentially resulting in lawsuits or claims against us and exposing us to substantial liabilities. Such incidents could also lead to revenue decline, increased capital expenditure, delays

in market acceptance and reputational harm. Negative customer experiences may be shared publicly, further damaging our brand and reducing future sales opportunities. Defending any claim would likely be costly, time-consuming and could materially impair our reputation and ability to market our solutions effectively.

Deficiencies in some of our leased properties may adversely affect our business operations and financial condition.

We may be required to relocate or dismantle certain sites, facilities or structures if we fail to obtain valid title certificates for the underlying land parcels or the structures erected thereon, or lack legally binding property lease agreements or other contractual rights to occupy the premises. Furthermore, if landowners have title defects as to the land's title, our use of these properties could be invalid or subject to third-party claims. Should any lease be terminated or rendered unenforceable due to such challenges, we would need to secure alternative premises and bear relocation costs, which could disrupt operations and harm our business and financial results. See "Business — Properties." In addition, as of the Latest Practicable Date, registration and filing procedures of seven leased properties used in our operations remain incomplete. As advised by our PRC Legal Advisor, the non-registration and filing of the relevant property lease will not affect the validity of the lease contracts or our legal right to use the leased properties, however, relevant local housing authorities may require us to complete the filing within the prescribed timeframe, and we may be subject to penalties of RMB1,000 to RMB10,000 per lease as a result of delay in filing for each lease agreement of such properties, with an aggregate maximum penalty of RMB70,000. We cannot guarantee that the lessors will cooperate and complete the registration promptly once we are required to do so. If fines are imposed for failure to register, we may not recover these costs from the lessors, which could adversely affect our business, financial performance and operating results.

We have relied on third-party agencies to handle certain employee benefit contributions, and any deficiencies in their practices may result in liabilities for us.

Companies operating in China must participate in mandatory employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and the housing provident fund. Contributions are calculated as a percentage of employees' total compensation, subject to caps set by local authorities where we operate. During the Track Record Period, we engaged third-party human resources agencies to pay social insurance premium and housing provident funds on behalf of us. However, government authorities may determine that these arrangements do not fully comply with PRC laws and regulations. The relevant governmental authorities may not recognize the social insurance premium and housing provident funds paid through third party agencies, and we may be required to make supplemental payments. Moreover, there is no assurance that future changes in laws, regulations or enforcement will not require us to retroactively cover any shortfall. Any such liabilities could negatively impact our financial condition and operating results.

Our brand is integral to our success. If we fail to maintain our brand and reputation and the negative publicity and allegations involving us, or become the subject of anticompetitive, harassing or other detrimental conducts by third parties, our shareholders, Directors, officers, employees and business partners may affect our reputation.

The effectiveness of brand promotion is contingent not only upon the execution of marketing strategies but also upon favorable word-of-mouth endorsements from satisfied customers. Nevertheless, we operate within the highly competitive AI data infrastructure industry, which is characterized by rapid technological advancement, evolving customer requirements and the continual emergence of new industry standards and practices. These dynamics present significant challenges to both the establishment and the maintenance of brand reputation.

The establishment of a recognized brand necessitates beyond technological leadership and requires the implementation of comprehensive, multi-channel marketing strategies as well as the systematic dissemination of customer success narratives. Given the extended market education cycle, brand awareness may lag behind product development and iteration. Furthermore, brand-building activities demand sustained resource allocation, including the organization of industry conferences, product launches and developer forums offline, coupled with amplified product and solution awareness through content marketing, social media and developer communities online. The outcomes of these investments are inherently uncertain, and failure to achieve anticipated results could lead to inefficient resource utilization and impede market penetration. Meanwhile, the maintenance of brand reputation entails additional risks. Any deficiencies in product performance, data security, privacy protection or customer service could result in adverse publicity and materially impair our brand image. Moreover, delayed or opaque communication in response to technical controversies or unforeseen incidents may exacerbate external skepticism. Shortcomings in fulfilling environmental, social and governance responsibilities could further erode investor confidence and negatively affect public perception of our long-term value. Failure to establish or maintain brand reputation could cause customer attrition, diminished willingness of partners to collaborate, reduced ability to attract and retain talent and weakened influence within the industry ecosystem. Such developments could also undermine [**REDACTED**] confidence and adversely affect our ability to access capital markets.

We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.

We may face litigation, contractual disputes, regulatory claims or administrative proceedings from time to time. These matters can arise from different aspects of our operations, including contract interpretation, compliance obligations, intellectual property issues and employment-related concerns. These legal proceedings are inherently uncertain, and adverse outcomes such as monetary awards, injunctions or settlements could result in significant financial liabilities, higher operating costs and diversion of management attention. In addition, such actions may lead to negative publicity, damaging our reputation and eroding confidence among customers and [**REDACTED**]. Litigation can also involve substantial legal expenses. If these disputes are not managed or resolved promptly, they could disrupt business continuity, strain financial resources and negatively affect our operational and financial performance.

Force majeure events, natural disasters, epidemics, acts of war or terrorism or other factors beyond our control may materially and adversely affect our business, financial condition and results of operations.

Our operations are exposed to risks from force majeure events, natural disasters, epidemics, armed conflicts, terrorist activities and other circumstances beyond our control. Such occurrences can significantly disrupt supply chains, production processes and overall business functions. Events like earthquakes, floods or hurricanes may damage facilities and infrastructure, causing delays and increasing costs. Health crises such as epidemics or pandemics can reduce workforce availability, interrupt logistics and weaken customer demand. Geopolitical instability resulting from war or terrorism may undermine market confidence and create volatility in business conditions. Moreover, other unforeseen factors outside our control may also present operational challenges. Because these events are unpredictable and uncontrollable, we cannot foresee and cannot guarantee that we are able to take precautionary measures to mitigate their impact, which could consequently affect our business performance, financial condition and operating results materially.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Inability to adapt to evolving economic, political or social conditions or changes in government policies in the regions where we operate, may adversely impact our business, financial condition and results of operation.

As the majority of our business, assets and operations are concentrated in the PRC, we remain particularly exposed to the developments in the PRC regulatory framework and macroeconomic conditions. The PRC government exercises significant influence over the economy through the implementation of industrial policies, fiscal and monetary measures, foreign currency controls and targeted support for specific industries and enterprises. Furthermore, we are inherently subject to the impact of global economic trends and geopolitical developments, as our performance is fundamentally interconnected with China's economy, which in turn is influenced by global economic conditions. Uncertainties relating to the global economy, as well as political developments in various regions, are expected to continue affecting China's economic growth. We are unable to predict all the risks and uncertainties arising from evolving economic, political, social and regulatory developments, which are generally beyond our control. There can be no assurance that our efforts will be successful in mitigating all potential adverse outcomes in every circumstances.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us, our Directors and our senior management.

We are incorporated under the laws of the PRC, and substantially all of our operations, assets and business activities are located in the PRC. In addition, the majority of our Directors and executive officers reside in the PRC, and their personal assets are also primarily situated in the PRC. Consequently, [**REDACTED**] may encounter significant difficulties in serving on us or our Directors or executive officers residing in the PRC, particularly in connection with actions under the U.S. federal securities laws or applicable state securities laws. The Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "Arrangements"), which came into effect on January 29, 2024 and were promulgated by the Supreme People's Court, permit parties to apply for recognition and enforcement of final judgments rendered by designated courts of the PRC or any designated Hong Kong court in civil and commercial cases, subject to certain exclusions. However, recognition and enforcement in the PRC remains subject to case-by-case review by the relevant courts under the Arrangements, and there is no assurance that all judgements made by Hong Kong courts will be recognized and enforceable in the PRC. Furthermore, under the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment rendered by a foreign court outside of the PRC may be recognized and enforced in the PRC only if a treaty or reciprocal arrangement exists between the PRC and the relevant jurisdiction. In the absence of such arrangements, enforcement of foreign judgements against us or our Directors or senior management in PRC courts.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

The conversion and remittance of our operating cash are subject to applicable laws and regulations in the PRC. In our ordinary course of business, we may need to convert a portion of our Renminbi into foreign currencies to meet operational needs, fund capital projects and cover other expenditures Current regulations permit foreign currency payments for current account transactions. However, without prior approval from the State Administration of Foreign Exchange ("SAFE") or its local branches (such as profit distributions and trade-related settlements), converting Renminbi into foreign currency for capital account purposes and transferring such funds outside the PRC requires registration and completion of prescribed procedures with the competent

authorities. There is no assurance that we will be able to obtain sufficient foreign currency to satisfy our operational and financing requirements. A shortage of available foreign currency could impair our ability to meet obligations denominated in foreign currencies, including dividend payments to our Shareholders.

Following the [**REDACTED**], we may make certain dividend payments to holders of our H Shares. Under existing foreign regulations, such payments may be made in foreign currencies without prior SAFE approval, provided that certain procedural requirements are fulfilled. Foreign exchange transactions under our capital account remain subject to applicable foreign exchange controls and require the approval of the SAFE or clearance from its local branches. These restrictions could limit our ability to raise foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures, which may adversely affect our growth strategy and financial flexibility.

We are a PRC enterprise and we are subject to PRC tax on our global income. Any gains on the [REDACTED] of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

Holders of our H Shares may be subject to PRC income tax obligations. Under the current tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax treatments on dividends distributed by us and on gains realized from the sale or other disposition of our H shares.

For non-PRC resident enterprises, pursuant to the EIT Law, its implementation rules and the Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股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 No. 897) (國稅函〔2008〕897號), issued by the State Administration of Taxation (SAT) on November 6, 2008, dividends derived from PRC sources and paid to non-PRC resident enterprises are generally subject to a withholding tax at the rate of 10%. This applies to enterprises that do not maintain an establishment or place of business in the PRC, or whose relevant income is not effectively connected with their establishment or place of business, unless a treaty or similar arrangement provides otherwise. Additionally, any gain realized on the transfer of shares by such [**REDACTED**] is subject to a 10% PRC income tax if the gain is deemed to be sourced within the PRC.

For non-PRC resident individuals, under the PRC Individual Income Tax law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid from PRC sources to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%. Gains from PRC sources realized on the transfer of shares are also typically subject to PRC individual income tax at a rate of 20%, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in the PRC. However, pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC China resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on the investor's jurisdiction of residence and the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders residing in jurisdictions without tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

Furthermore, under the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from 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》) issued by the MOF and the SAT on March 30, 1998, gains derived by individuals from the transfer of listed shares may be exempt from individual income tax. In addition, the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation

(《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知) (Cai Shui [2009] No. 167) (財稅[2009]167號), jointly issued by the MOF, SAT and CSRC on December 31, 2009 provides that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for shares subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限購所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) (財稅[2010]70號). As of the Latest Practicable Date, these provision do not expressly require the collection of individual income tax on gains realized by non-PRC resident individuals from the sale of shares of PRC resident enterprises [**REDACTED**] on overseas stock exchanges.

If PRC income tax is imposed on dividends paid to non-PRC resident [**REDACTED**] or on gains realized from the transfer of our H Shares, the value of your [**REDACTED**] in our H Shares may be adversely affected. Furthermore, Shareholders whose jurisdictions or residence have tax treaties or arrangements with the PRC may not qualify for treaty benefits.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Under PRC law, dividends may only be distributed from distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC accounting standards less any recovery of accumulated losses and statutory appropriations and other reserves that we are required to make. Consequently, even in periods when our financial statements reflect profitability, we may not have sufficient distributable profits to declare dividends to our Shareholders. In addition, the method of determining distributable profits under PRC accounting standards may differ from that under IFRSs in certain respects. As such, our subsidiaries may not have distributable profits as determined under PRC accounting standards, even if they report profits under IFRSs, or vice versa. Accordingly, we may not receive adequate distributions from our subsidiaries. If our subsidiaries fail to remit dividends to us, our cash flow could be adversely affected, which may limit our ability to pay dividends to our Shareholders in the future, including during the periods when our consolidated financial statements indicate profitability.

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

Foreign investment activities in the PRC is subject to a specific regulatory framework that imposes restrictions on certain industries and requires additional approvals from the designated authorities. The Special Management Measure (Negative List) for Foreign Investment Access (2024 Edition) (the "Negative List"), jointly issued by the NDRC and the MOFCOM, specifies sectors where foreign investment is either prohibited or subject to restrictive conditions for foreign investors, including limitations on equity holdings and participation in management. The Negative List currently covers 11 industries, while sectors not included in the Negative List are generally governed under the principle of equal treatment for domestic and foreign [**REDACTED**]. As of the Latest Practicable Date, our operations in China do not fall within the scope of the Negative List. Nevertheless, restrictions on foreign [**REDACTED**] in designated industries under this framework may limit our ability to expand into the restricted sectors in the future.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], our H Shares were not [**REDACTED**] on any public exchange. There is no certainty that a liquid and active market will form and remain stable, and the [**REDACTED**] volume for our H Shares will develop and be sustained after the [**REDACTED**]. Additionally, the [**REDACTED**] of our H Shares will be set through negotiations between us and

the [**REDACTED**] (acting for themselves and on behalf of the [**REDACTED**]), and this agreed price does not reflect the [**REDACTED**] of our H Shares after the [**REDACTED**]. The [**REDACTED**] and [**REDACTED**] volume of our H Shares could fluctuate due to various factors, many of which are beyond our control. These include changes in our business outlook, adjustments to pricing strategies, technological developments, mergers or partnerships, shifts in analyst forecasts, credit rating revisions, legal proceedings or the lifting of restrictions on share transfers. If an active public market for our H Shares does not develop post-[**REDACTED**], the liquidity and value of our H Shares could decline significantly, which may negatively affect our [**REDACTED**].

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

The [**REDACTED**] and [**REDACTED**] volume of our H Shares could fluctuate considerably due to factors that are generally outside our control, including the overall market conditions in Hong Kong and global securities markets. Historically, the Hong Kong Stock Exchange and other securities markets have, from time to time, seen significant [**REDACTED**] and [**REDACTED**] volume volatility that were unrelated to the operating performance of individual companies. Movements in the share [**REDACTED**] of companies operating in similar industries may also influence the [**REDACTED**] performance of our H Shares. Beyond market and sector trends, our H Share [**REDACTED**] and volume may vary significantly for company-specific reasons such as fluctuations in our revenue, earnings, cash flows, investment plans, operating costs, regulatory developments, supplier relationships, movements or activities of key personnel or competitive actions. Moreover, past volatility in shares [**REDACTED**] on the Hong Kong stock exchange suggests that our H Shares could experience price fluctuations that do not necessarily reflect our business performance.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and will experience further dilution if we [REDACTED] additional Shares or other equity securities in the future.

Potential [**REDACTED**] will pay a [**REDACTED**] per H Share in the [**REDACTED**] that substantially exceeds the per H Share value of our net tangible assets. Therefore, [**REDACTED**] of our H Shares in the [**REDACTED**] will experience a substantial immediate dilution in [**REDACTED**] net tangible assets, and our existing Shareholders will receive an increase in the [**REDACTED**] adjusted net tangible assets per Share on their Shares. As a result, if we were to distribute our net tangible assets to the Shareholders immediately following the [**REDACTED**], potential [**REDACTED**] would receive less than the amount they paid for their H Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

No dividends were paid or declared by our Company during the Track Record Period. Our dividend policy provides that no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Dividend payments are subject to restrictions under the PRC laws and regulations, which may impose certain limitations.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

Future sales or perceived sales of substantial amount of our H Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our H Shares.

The future sale of a substantial number of our H Shares, especially by our Directors, senior management and major Shareholders, or even market speculation about such transactions, could negatively impact the market price of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

Raising additional capital may cause dilution to the interests of our Shareholders or restrict our operations.

We may finance our future cash needs through public or private [**REDACTED**], debt financings, collaboration arrangements and licensing arrangements or other funding sources. Our Shareholders may experience dilution in their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

In addition, we may seek additional capital due to favorable market conditions or strategic considerations. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our H Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our H Shares to decline.

Any possible conversion of our Unlisted Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the market price of our H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be [**REDACTED**] or [**REDACTED**] on an overseas stock exchange, provided that prior to the conversion and [**REDACTED**] of such converted shares, the requisite internal approval processes (but without the necessity of Shareholders' approval by class) have been duly completed and the approval from the relevant PRC regulatory authorities, including the CSRC, have been obtained. In addition, such conversion, [**REDACTED**] and [**REDACTED**] must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the [**REDACTED**] of all or any portion of our Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of the shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the [**REDACTED**] price of H Shares.

Potential Regulatory Implications of the U.S. Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (the "Treasury") issued the final Outbound Investment Rule implementing Executive Order 14105 (the "Outbound Investment Rule"). This rule restricts or requires notification for certain outbound investments by U.S. persons into "countries of concern," currently referring to China (including Hong Kong and Macau). Effective January 2, 2025, the Outbound Investment Rule restricts U.S. persons from entering into any (i) "covered transactions" involving (ii) a "covered foreign person" (iii) who is engaged in (iv)

any "covered activity" related to semiconductors and microelectronics, quantum information technologies or artificial intelligence. A "covered transaction" includes equity investments, while a "covered foreign person" refers to entities with substantial ties to China operating in "covered activities". However, an investment by a U.S. person in any publicly traded security that trades on a securities exchange in any jurisdiction is excepted from the restrictions under the Outbound Investment Rule, provided it does not afford the U.S. person rights beyond standard minority shareholder protections as defined in Section 850.501(a)(2). Subsequently, on February 21, 2025, the Trump administration proposed the "America First Investment Policy," which seeks to expand the Outbound Investment Rule by broadening the covered sectors and types of investments. On December 18, 2025, President Trump signed the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**") into law as part of the National Defense Authorization Act for Fiscal Year 2026. While the COINS Act codified the existing U.S. outbound investment framework, it also requires Treasury to issue implementing regulations that will modify the Outbound Investment Rule. The Outbound Investment Rule will remain in force during the interim.

We do not engage in any of the "covered activities" under the Outbound Investment Rule related to semiconductors and microelectronics, quantum information technologies or restricted AI activities. None of us or our subsidiaries is listed on any restricted lists under the Outbound Investment Rule which could potentially render us or any of our subsidiaries a "covered foreign person". In particular, although we engage in the development and sales of distributed AI storage solutions, we do not develop AI models or algorithms, nor do we provide AI model training or inference services. Furthermore, our products do not contain proprietary AI models or AI decision engines. Based on the foregoing, and as advised by our sanctions legal advisor, we were not a "covered foreign person" under the existing rules as of the Latest Practicable Date. However, the above proposed policy introduces uncertainty associated with future interpretations and potential expansions of regulatory restrictions. Future legislative changes or regulatory updates on "covered activity" or "excepted transaction" may extend the scope of the Outbound Investment Rule or impose new restrictions or notification requirements that could affect our operations.

As enforcement mechanisms, interpretations and future developments of such regulations remain ambiguous under the Outbound Investment Rule, these uncertainties may reduce U.S. [**REDACTED**] interest in our equity securities, adversely affecting the [**REDACTED**], secondary market liquidity and [**REDACTED**] performance of our H shares.

Our Single Largest Shareholders Group's interests may not be aligned with the interests of other Shareholders.

Our Single Largest Shareholders Group have substantial influence over our business, including matters relating to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. Given such concentration of ownership, our Single Largest Shareholders Group could exert substantial influence over decisions requiring shareholder approval, including mergers, privatization, consolidations, major asset sales, director elections and other significant corporate actions. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Single Largest Shareholders Group may differ from the interests of our other Shareholders. We cannot assure you that our Single Largest Shareholders Group will not exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations,

liquidity and capital resources. [**REDACTED**] in our H Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us that our plans or objectives will be achieved and [**REDACTED**] should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. See "Forward-looking Statements."

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

Certain facts, forecasts and statistics in this document, particularly in the section titled "Industry Overview", related to the PRC and global economy and the industry in which we operate, are sourced from publicly available sources such as government publications. However, we cannot guarantee the quality or reliability of these sources. The information from official government sources has not been independently verified by our Group, the Sole Sponsor, or any other party involved in the [**REDACTED**], and no representation is made as to its accuracy or completeness. Due to potentially flawed or ineffective sampling, discrepancies between published information and market practice and other issues, the statistics in this document related to the PRC and global economy and the industry in which we operate may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risks and uncertainties and are subject to change based on various factors. You should consider the weight and importance of such facts or statistics and should not place undue reliance on them.

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

The [**REDACTED**] is based solely on the information and representations contained in this Document, which we believe to be true and accurate to the best of our knowledge. Any information not included in this Document should not be relied upon when making an [**REDACTED**] decision regarding the securities being [**REDACTED**]. Prior to the publication of this Document, media coverage about us and the [**REDACTED**] may have included financial information, projections, valuations and other forward-looking statements. You should be aware that third-party sources may have used outdated, incomplete or inaccurate information, and their opinions may not be independent or objective due to potential conflicts of interest. Media coverage of our Company and the [**REDACTED**] may be influenced by various factors, including individual journalist biases, media outlet preferences and advertiser demands. We do not make any representation regarding the appropriateness, accuracy, completeness or reliability of any projections, valuations or other forward-looking information about us. If such statements are inconsistent with or conflict with the information contained in this document, we disclaim responsibility for them. By applying to purchase our H Shares in the [**REDACTED**], you agree that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].