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Application Proof of



DataCanvas Co., Ltd.
北京九章雲極科技股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

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北京九章雲極科技股份有限公司
(A joint stock company established in the People's Republic of China with limited liability)

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SUMMARY

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

OVERVIEW

We are a leading AI computing service provider in China, purpose-built to support compute-intensive AI workloads spanning large-scale model training and inference. We build, operate and monetize AI computing capacity. We provide turnkey AI computing infrastructure solutions for AI data center ("**AIDC**") projects and deliver on-demand cloud computing services powered by our proprietary computing operating system. According to CIC, in terms of revenue in 2025, we ranked ninth among AI computing service providers in China and were the only neo AI computing service provider ("**neocloud**") among the top ten, making us the largest neocloud in China. Operating as an AI-native infrastructure provider, we differ from hyperscalers by building our architecture from the ground up around high-density compute deployment, heterogeneous resource orchestration and the operational stability required for model-centric computing demands.

The broader computing industry is undergoing a fundamental transition driven by generative AI, which encompasses large-scale model training and high-concurrency inference. Where general-purpose cloud architectures were historically designed for transactional and web-scale workloads, these combined workloads created a categorically different set of infrastructure demands that legacy central processing unit ("**CPU**")-centric cloud environments cannot meet. As a result, compute-optimized, AI-native infrastructure became essential to sustaining continued AI progress, according to CIC. Having established our capabilities through AI Foundation Software ("**AIFS**") services, we pivoted in early 2023 to concentrate our strategic resources on AI computing infrastructure and cloud services, channeling our model engineering expertise across data processing, training orchestration and deployment into the infrastructure layer as enterprise adoption began to accelerate.

Our strategic repositioning placed us at the forefront of China's AI infrastructure build-out, with an operating philosophy centered on accessible computing (普惠算力). We lower the entry threshold for AI computing through heterogeneous scheduling, serverless orchestration and usage-based billing. Our proprietary "One Degree of Compute" (一度算力) standard measures computing power in standardized data computing units ("**DCUs**") and aligns charges with actual compute consumption rather than reserved physical capacity. According to CIC, it is the first quantifiable billing unit of its kind in China's AI computing industry. We have also begun extending this philosophy to model inference, packaging our computing clusters and selected third-party foundation models into standardized inference outputs that customers access through our application programming interfaces ("**APIs**") and pay for by token consumption.

Today, we operate across two primary business lines. Through our AI Computing Infrastructure Solutions, we act as a turnkey solution provider responsible for architectural design, hardware procurement and integration deployment of AIDCs, integrating our proprietary computing operating system to deliver fully synchronized, production-grade computing facilities for local governments, state-owned enterprises and private enterprises, while also securing long-term access to computing capacity. Through our AI Computing Cloud Services, we monetize our computing power pool by delivering pooled computing, networking and storage resources via our proprietary AI-native platform, serving enterprise customers and developers primarily through subscription, pay-as-you-go and dedicated computing clusters.

We secure computing capacity primarily through long-term arrangements rather than by building and owning facilities ourselves. Our partners, including facility owners and computing infrastructure funds, fund facility construction, while we provide the full suite of technical and operational capabilities spanning hardware procurement, architectural design, system deployment and ongoing operational management. This arrangement requires less upfront capital than self-building and allows us to expand regional capacity quickly. As we scale, we intend to complement this arrangement with selective self-built infrastructure to strengthen long-term asset control, support the deployment of our proprietary computing operating system and improve unit economics.

Our business has scaled rapidly across operational and financial fronts. To secure operational consistency, we maintain comprehensive control over our computing resources throughout their operational life, spanning facility architectural planning, system deployment and daily dynamic scheduling powered by our proprietary computing operating system. As of the Latest Practicable Date, our controllable computing capacity exceeded 29,000 PFLOPS across seven provinces in China under our "Centralized Orchestration + Regional Nodes" framework, positioning us among the leading neoclouds in China by contracted lifecycle-controlled capacity according to CIC. We served over 150 enterprise customers with our AI Computing Infrastructure Solutions and AI Computing Cloud Services as of the Latest Practicable Date. Our revenue grew from RMB106.2 million in 2023 to RMB395.5 million in 2024 and to RMB1,098.2 million in 2025, and from RMB306.4 million for the six months ended June 30, 2025 to RMB588.4 million for the six months ended June 30, 2026, a near tenfold increase over two years, as enterprise demand for intelligent infrastructure accelerated and monetization deepened across both business lines.

OUR OFFERINGS

Our technologies are commercialized through two primary service lines. We translate underlying scheduling, orchestration and infrastructure capabilities into usable products accessible to our customers.

AI Computing Infrastructure Solutions

Through our AI Computing Infrastructure Solutions, we act as a turnkey solution provider responsible for architectural design, hardware procurement and integration deployment of AIDCs, serving local governments, state-owned enterprises and private enterprises who require production-grade computing facilities purpose-built for AI workloads. Our solutions address the full lifecycle of AIDC development, from early-stage demand assessment and architectural design, through hardware procurement and system integration, to the "lighting-up" of each AIDC and ongoing capacity optimization. Rather than delivering discrete components, we convert fragmented hardware into coherent, AI-ready facilities calibrated for the specific workload profiles of each customer.

The technical foundation of our infrastructure solutions is Alaya NeW OS, our proprietary computing operating system that functions as the platform control layer across all AIDC deployments. Alaya NeW OS provides full-stack optimization that abstracts heterogeneous hardware and synchronizes compute, network and storage resources within a single framework, allowing developers to manage high-performance compute resources with the same operational simplicity as a traditional desktop scheduler. According to CIC, Alaya NeW OS is the first AI operating system in China to receive certification from the China Academy of Information and Communications Technology (the "**CAICT**") across four critical domains, namely compute scheduling, model training, model inference and data processing. This certification reflects compliance with national-level standards in system design, operational reliability and technical robustness, and provides our government, state-owned enterprise and regulated industry customers with an independently validated infrastructure foundation.

AI Computing Cloud Services

Through our AI Computing Cloud Services, we deliver standardized, pooled computing, networking and storage resources via Alaya NeW Cloud, our proprietary AI-native development and production platform. Alaya NeW Cloud serves as a serverless delivery interface, providing a unified environment that automates resource allocation and eliminates the operational fragmentation of traditional cloud services.

Our cloud portfolio is structured into two primary service tiers to facilitate varying scales of demand:

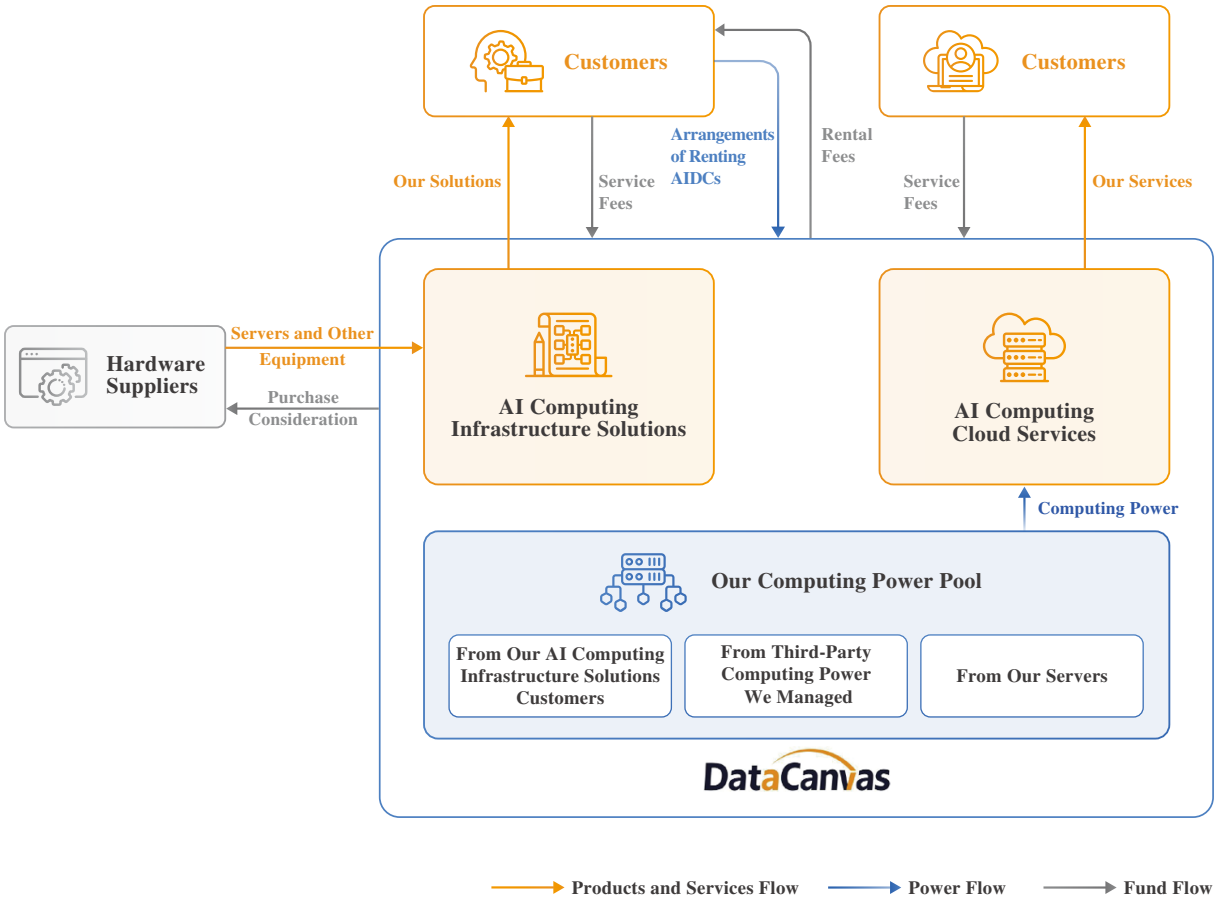
- **Virtual Kubernetes Service** ("**VKS**") is designed for customers running inference and fine-tuning workloads that require flexible, elastic computing resources. Utilizing a serverless architecture, VKS provides automated scaling and resource allocation based on real-time demand, allowing development teams to absorb burst-intensive or cyclical workloads without reserving redundant physical capacity. VKS offerings are metered in DCUs under our One Degree of Compute standard, which aligns costs with actual compute consumption.

- **Dedicated Kubernetes Service** ("**DKS**") is designed for enterprise customers undertaking large-scale, hyper-scale model training that requires sustained performance isolation and operational stability. DKS provides exclusive access to dedicated computing clusters, delivering the consistency and reliability that the most intensive distributed training workloads demand. Customers subscribe to DKS offerings for agreed subscription periods, which provides us with recurring revenue and visibility over the subscription term.

We also launched Alaya Token, a managed model inference service that gives customers access to selected third-party large language models through unified APIs, billed primarily on token consumption. Alaya Token is supported by our Token Factory architecture and passed the High-Quality Token Cloud Service Capability Assessment conducted by the CAICT in 2026. As of the Latest Practicable Date, we entered into approximately ten contracts for Alaya Token services, and no revenue from this arrangement was recognized during the Track Record Period.

OUR BUSINESS MODEL

We operate a dual-engine business model centered on AI Computing Infrastructure Solutions and AI Computing Cloud Services. Through our AI Computing Infrastructure Solutions, we integrate hardware equipment with our engineering and software capabilities to deliver AIDCs for our customers. We aggregate computing resources into our computing power pool. Leveraging this computing power pool, our AI Computing Cloud Services provide computing power resources to our customers. This model connects the construction of computing infrastructure with the subsequent operation and commercialization of computing power, creating synergies between our two business segments and supporting a closed loop of computing power supply, aggregation and consumption. To support the continued expansion of our computing power pool while maintaining capital efficiency, we also cooperate with infrastructure investors, including computing infrastructure funds, through project-level arrangements. The following diagram illustrates the synergy between our dual-engine business model:



In addition to our core dual-engine offerings, we provide AIFS Services. AIFS Services consist of customized AI software solutions tailored for professional institutions. During the Track Record Period, AIFS Services is being phased out in response to the market evolution. See "Business—Our Business Model" for more details.

During the Track Record Period, we generated revenue primarily from AI Computing Infrastructure Solutions, AI Computing Cloud Services and AIFS Services. The table below sets forth a breakdown of our revenue by business segments during the Track Record Period:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	(RMB in thousands)	*%*	*(RMB in thousands)*	*%*	*(RMB in thousands)*	*%*	*(RMB in thousands)* *(unaudited)*	*%*	*(RMB in thousands)*	*%*
AI Computing Infrastructure Solutions	24,938	23.5	333,963	84.4	1,001,958	91.2	269,449	87.9	434,046	73.8
AI Computing Cloud Services	–	–	196	0.1	77,614	7.1	29,605	9.7	153,839	26.1
AIFS Services	81,294	76.5	61,346	15.5	18,583	1.7	7,363	2.4	498	0.1
Total	**106,232**	**100.0**	**395,505**	**100.0**	**1,098,155**	**100.0**	**306,417**	**100.0**	**588,383**	**100.0**

OUR STRATEGIC BUSINESS REPOSITIONING

Our strategic repositioning addresses a structural shift in China's AI industry from software-centric development to computation-intensive commercialization. Foundation models require massive parameter scaling and high-concurrency inference, driving an exponential increase in computing demand. Concurrently, downstream consumption has entered an inference era driven by the token economy, where high-volume processing by token factories and agent-based reinforcement learning have made data center construction a complex engineering discipline. To capture these opportunities, we proactively and gradually transitioned away from AIFS Services, which delivered one-off standalone software, to focus on our core offerings: AI Computing Infrastructure Solutions and AI Computing Cloud Services. We began delivering AI Computing Infrastructure Solutions in 2023 and launched our AI Computing Cloud Services in September 2024. This alignment addresses the market transition toward software-defined architectural design and usage-based compute consumption.

Our business repositioning was carried out in an orderly, managed phase-out format over the Track Record Period. Reflecting this deliberate allocation of resources, revenue generated from AI Computing Infrastructure Solutions and AI Computing Cloud Services collectively accounted for 23.5%, 84.5%, 98.3% of our total revenue for the years ended December 31, 2023, 2024, 2025, respectively, and accounted for 97.6% and 99.9% for the six months ended June 30, 2025 and 2026, respectively. Concurrently, the revenue contribution from our AIFS Services declined from 76.5% in 2023 to 15.5% in 2024 and further to 1.7% in 2025, and from 2.4% for the six months ended June 30, 2025 to 0.1% for the six months ended June 30, 2026. To support the scalability of our repositioned business model, we substantially expanded our managed technical footprint. As of the Latest Practicable Date, we had delivered over 31,000 PFLOPS of computing power and held controllable computing capacity of over 29,000 PFLOPS across a distributed network spanning seven provinces in China. As of the same date, we served over 150 enterprise customers with our AI Computing Infrastructure Solutions and AI Computing Cloud Services. See "Business—Our Business Model—Our Strategic Business Repositioning" for more details.

KEY OPERATING DATA

The following table sets forth our key operating data as of the dates and for the periods indicated which we believe is useful for understanding our business performance, operational scale, and growth trends during the Track Record Period. These metrics should be read in conjunction with the discussion of our results of operations and other financial information included in this document.

	For the Year Ended/As of December 31,[1]			For the Six Months Ended/ As of June 30,[1]
	2023	2024	2025	2026
AI Computing Infrastructure Solutions				
Number of AIDC projects delivered	3	5	6	3
Number of provinces covered by our projects	1	4	5	3
Delivered computing capacity (PFLOPS)	–	1,346	17,690	12,672
AI Computing Cloud Services				
Controllable computing capacity (PFLOPS)[2]	–	2,284	10,696	26,824
Computing Resource Utilization Rate (%)[3]	–	–	56.0	79.6
Number of enterprise customers	–	2	75	84

Notes:

(1) Except for cumulative controllable computing power, all other figures in the table represent data for the relevant period.

(2) Controllable computing capacity refers to the total computing power capacity under our direct control, comprising the capacity of the servers owned by us and the capacity secured under contractual arrangements, for which we are responsible for architectural planning, system deployment and ongoing scheduling, as of the relevant period-end.

(3) Computing resource utilization rate is calculated as utilized DCUs divided by the total theoretical maximum DCUs generated For DKS, the computing power generated from the clusters are converted into DCUs and are deemed as fully utilized; for VKS, the utilized DCUs are calculated based on actual usage.

OUR STRENGTHS

Our strengths include: (i) leading neocloud grounded in an open ecosystem; (ii) AI-native architecture and strong R&D capabilities; (iii) innovations redefining AI compute consumption; (iv) long-term controlled capacity and full-lifecycle delivery capabilities; and (v) visionary leadership driving sustained innovation. See "Business—Our Strengths" for more details.

OUR STRATEGIES

Our strategies include: (i) execute our AI-first technology roadmap through continuous R&D innovation; (ii) expand our offering matrix and open-source ecosystem; (iii) scale computing capacity and strengthen full-stack infrastructure capabilities; (iv) deepen ecosystem synergies to broaden customer reach and commercial boundaries; and (v) accelerate global expansion to capture the AI infrastructure opportunity. See "Business—Our Strategies" for more details.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of technology companies, research institutions and universities, local governments, their departments, SOEs and private enterprises. In 2023, 2024, 2025 and for the six months ended June 30, 2026, our five largest customers in each year/period during the Track Record Period together generated RMB58.3 million, RMB339.0 million, RMB966.5 million and RMB475.6 million of revenues, respectively, accounting for 54.8%, 85.7%, 88.0% and 80.8% of our total revenue, respectively.

Our major suppliers are hardware vendors and technical service providers and AIDC rental services providers in China. In 2023, 2024, 2025 and for the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period amounted to RMB98.0 million, RMB584.6 million and RMB1,385.9 million and RMB794.9 million, respectively. Purchases from our five largest suppliers in each period of the Track Record Period accounted for 47.1%, 74.8%, 84.8% and 74.5% of our total purchases, respectively.

See "Business—Our Customers" and "Business—Our Suppliers—Our Major Suppliers" for more details.

OUR MARKET OPPORTUNITIES

AIDC has become a prerequisite for the evolution and commercialization of AI. The market requires specialized AI computing service providers capable of delivering integrated, full-lifecycle services spanning planning, operations and development. According to CIC, the market size of China's AI computing services market, in terms of revenue, reached approximately RMB68.4 billion in 2025 and is expected to exceed RMB277.5 billion by 2030, representing a CAGR of 32.3% from 2025 to 2030.

China's AI computing services market is in a stage of rapid development, characterized by diverse participants and a dynamic competitive landscape. By revenue from AI computing services in China in 2025, the Company ranked among the top ten AI computing service providers in China. By revenue from AI computing services in China in 2025, we were the largest neocloud in China. See "Industry Overview" for more details on competition in the markets we serve.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this document, including the related notes. Our financial information was prepared in accordance with IFRS.

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

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(unaudited)	
Revenue	106,232	395,505	1,098,155	306,417	588,383
Cost of sales	(63,081)	(349,246)	(906,780)	(250,124)	(405,991)
Gross profit	**43,151**	**46,259**	**191,375**	**56,293**	**182,392**
Other income	2,328	3,420	13,016	5,551	6,617
Impairment losses (including reversals of impairment losses) on financial assets and other items	(153)	(4,462)	(10,175)	(3,013)	(11,166)
Other gains and losses	(842)	(132)	(1,187)	(464)	(772)
Selling and marketing expenses	(58,432)	(60,575)	(55,720)	(18,090)	(45,997)
General and administrative expenses	(66,032)	(77,148)	(65,101)	(29,009)	(45,215)
Research and development expenses	(111,551)	(103,435)	(121,636)	(53,121)	(66,785)
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share of results of an associate	(2)	(316)	397	(122)	(325)
Finance cost	(3,011)	(9,777)	(42,922)	(18,004)	(35,242)
Changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	(199,664)	(252,023)	(239,532)	(178,190)	(1,067,753)
Loss before tax	**(394,208)**	**(458,189)**	**(335,526)**	**(238,169)**	**(1,094,755)**
Income tax expense	–	(221)	(71)	(4)	(123)
Loss for the year/period	**(394,208)**	**(458,410)**	**(335,597)**	**(238,173)**	**(1,094,878)**

We recorded net losses of RMB394.2 million, RMB458.4 million, RMB335.6 million, RMB238.2 million and RMB1,094.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, primarily attributable to (i) our strategic shift in business focus from AIFS Services toward AI Computing Infrastructure Solutions and AI Computing Cloud Services, which involved significant upfront investments and ongoing costs relating to AIDC leasing, hardware procurement and business development to support the launch and expansion of these businesses, (ii) our substantial research and development expenses, which amounted to RMB111.6 million, RMB103.4 million, RMB121.6 million, RMB53.1 million and RMB66.8 million during the respective periods, and (iii) losses arising from changes in fair value of financial liabilities at FVTPL of RMB199.7 million, RMB252.0 million, RMB239.5 million, RMB178.2 million and RMB1,067.8 million during the respective periods.

Non-IFRS Measure

We use adjusted net loss (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items and provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for changes in fair value of financial liabilities at FVTPL, **[REDACTED]** and share-based payments. Financial liabilities at FVTPL represent the fair value of paid-in capital/ordinary shares with preferred rights, warrants and convertible loan notes. The paid-in capital/ordinary shares with preferred rights will be reclassified to equity after the termination of the **[REDACTED]** redemption rights upon **[REDACTED]**. In addition, the warrants and convertible loan notes were fully settled in November 2025 and May 2026, respectively. **[REDACTED]** are related to the **[REDACTED]**. Share-based payments are non-cash in nature.

The following table sets forth a reconciliation of our loss for the year/period to adjusted net loss (non-IFRS measure) for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
			(RMB in thousands)		
				(unaudited)	
Loss for the year/period	(394,208)	(458,410)	(335,597)	(238,173)	(1,094,878)
Adjusted for:					
Changes in fair value of financial liabilities at FVTPL	199,664	252,023	239,532	178,190	1,067,753
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based payments	204	182	754	66	1,732
Adjusted net loss for the year/period (Non-IFRS measures)	**(194,340)**	**(206,205)**	**(91,270)**	**(59,917)**	**(14,884)**

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets	**51,819**	**255,280**	**1,027,922**	**1,592,591**
Current assets	**221,953**	**324,459**	**582,229**	**1,039,267**
Current liabilities	**174,575**	**573,561**	**2,467,172**	**948,691**
Net current assets/(liabilities)	**47,378**	**(249,102)**	**(1,884,943)**	**90,576**
Total assets less current liabilities	**99,197**	**6,178**	**(857,021)**	**1,683,167**
Non-current liabilities	**865,097**	**1,231,736**	**694,213**	**4,327,547**
Net liabilities	**(765,900)**	**(1,225,558)**	**(1,551,234)**	**(2,644,380)**
Total deficits	**(765,900)**	**(1,225,558)**	**(1,551,234)**	**(2,644,380)**

Our net current liabilities as of December 31, 2024 and 2025 were primarily due to financial liabilities at FVTPL of RMB28.0 million and RMB1,678.5 million as of the same dates, respectively. Among our financial liabilities at FVTPL, the warrants and convertible loan notes were fully settled in November 2025 and May 2026, respectively.

We recorded net liabilities of RMB765.9 million, RMB1,225.6 million, RMB1,551.2 million and RMB2,644.4 million as of December 31, 2023, 2024, 2025 and June 30, 2026, primarily due to (i) the recognition of loss for the year/period of RMB394.2 million, RMB458.4 million, RMB335.6 million and RMB1,094.9 million in 2023, 2024, 2025 and six months ended June 30, 2026, (ii) the recognition of total comprehensive expenses of RMB394.2 million, RMB459.8 million, RMB333.8 million and RMB1,094.9 million in 2023, 2024, 2025 and six months ended June 30, 2026, respectively.

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(unaudited)	
Net cash used in operating activities	(251,228)	(38,443)	(82,427)	(50,402)	(86,495)
Net cash used in investing activities	(31,580)	(39,968)	(29,398)	(8,509)	(19,686)
Net cash from financing activities	271,046	69,008	216,945	38,743	316,305
Net (decrease)/increase in cash and cash equivalents	**(11,762)**	**(9,403)**	**105,120**	**(20,168)**	**210,124**
Cash and cash equivalents at beginning of year/period	86,822	75,060	65,657	65,657	170,777
Cash and cash equivalents at end of year/period	**75,060**	**65,657**	**170,777**	**45,489**	**380,901**

Key Financial Ratios

The following table sets forth our key financial ratio:

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Revenue growth rate[(1)]	N/A	272.3%	177.7%	N/A	92.0%
Gross profit margin[(2)]	40.6%	11.7%	17.4%	18.4%	31.0%
Current ratio[(3)]	1.27	0.57	0.24	N/A	1.10
Quick ratio[(4)]	1.09	0.56	0.23	N/A	1.09

Notes:

(1) Revenue growth rate is calculated by dividing revenue growth for the relevant year/period by revenue for the previous year/corresponding period and multiplied by 100%.

(2) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.

(3) Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

(4) Quick ratio is calculated as total current assets less inventories and divided by total current liabilities as of the dates indicated.

PATH TO PROFITABILITY

Our revenue grew rapidly from RMB106.2 million in 2023 to RMB395.5 million in 2024 and further to RMB1,098.2 million in 2025, representing a CAGR of 221.5%, and increased from RMB306.4 million for the six months ended June 30, 2025 to RMB588.4 million for the six months ended June 30, 2026. Despite such significant business growth, we recorded loss for the year/period of RMB394.2 million, RMB458.4 million, RMB335.6 million, RMB238.2 million and RMB1,094.9 million in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively, and adjusted net loss, a non-IFRS measure, of RMB194.3 million, RMB206.2 million, RMB91.3 million, RMB59.9 million and RMB14.9 million during the same years/periods, respectively. Our losses were primarily attributable to (i) business reposition and ramp-up of new business lines, (ii) continued investments in research and development, and (iii) losses on changes in fair value of financial liabilities at FVTPL.

We expect to improve our profitability by (i) expanding revenue base, (ii) upgrading technology to optimize offerings, (iii) expanding customer reach and improving sales efficiency, and (iv) improving cost efficiency and operating leverage. See "Financial Information—Path to Profitability" for more details.

RISK FACTORS

Our operations and the **[REDACTED]** involve certain risks and uncertainties, which are set out in "Risk Factors." You should read that section in its entirety carefully before you decide to **[REDACTED]** in our Shares. Some of the major risks we face include: (i) if the AI computing service industry does not grow as expected, or if we fail to compete effectively in such industry, our business, results of operations and financial condition may be materially and adversely affected; (ii) we have recorded net losses and recorded operating cash outflows during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future; (iii) our AI Computing Infrastructure Solutions and AI Computing Cloud Services have limited commercialization history; (iv) we have been and intend to continue investing significantly in R&D. If we are unable to generate commercial returns from our R&D investments, our business, results of operations, financial condition and prospects may be materially and adversely affected; (v) we could suffer disruptions, outages, latencies, defects and other performance and quality problems with our solutions and services or with the internet infrastructure on which they rely; (vi) if we are not able to maintain and enhance our brand, our business, results of operations, financial condition and prospects may be adversely affected; and (vii) our business operations require significant capital resources on an ongoing basis.

PRE-[REDACTED] INVESTORS

We have received multiple rounds of Pre-**[REDACTED]** Investments from a number of Pre-**[REDACTED]** Investors. For further details of the identities and background of our major Pre-**[REDACTED]** Investors and the principal terms of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments."

AIC AGREEMENT AND OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Dr. Fang and Mr. Shang entered into the AIC Agreement to ensure the continued stability of our Company's control structure. Pursuant to the AIC Agreement, Dr. Fang and Mr. Shang agreed, among others, to act in concert on matters requiring approval of the Shareholders or the Board, the proposing or voting of any Shareholder or Board resolutions, and the nomination of Directors. In the event of disagreement and failure to reach consensus, the opinion of Dr. Fang shall prevail. The AIC Agreement became effective upon signing and will remain in force until terminated by both parties.

Immediately following the completion of the **[REDACTED]** (taking into account the Share Subdivision and assuming that the **[REDACTED]** is not exercised), Dr. Fang, Mr. Shang, and Xuanyuan Zhitong will collectively hold **[REDACTED]** Shares. Dr. Fang and Mr. Shang are the general partner and sole limited partner of Xuanyuan Zhitong, respectively. Accordingly, Dr. Fang, Mr. Shang, and Xuanyuan Zhitong will constitute our single largest group of Shareholders upon the **[REDACTED]**, collectively holding approximately **[REDACTED]**% of the voting rights in our Company.

APPLICATION FOR THE [REDACTED] OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to deal in, the H Shares to be converted from the **[REDACTED]** Shares and the H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**) on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to (i) our expected market capitalization at the time of **[REDACTED]** which, based on the low end of the **[REDACTED]**, exceeds HK$4 billion, and (ii) our revenue for the year ended December 31, 2025 which exceeds HK$500 million.

DIVIDENDS

We did not declare or pay any dividend during the Track Record Period. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. **[REDACTED]** should not purchase our H Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. According to applicable laws in Chinese Mainland and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK$**[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share), which represent **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**, assuming no H Shares are **[REDACTED]** pursuant to the **[REDACTED]**. The above **[REDACTED]** are comprised of (i) **[REDACTED]**-related expenses of HK$**[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses of HK$**[REDACTED]**, including (a) the legal advisors and the accountants' expenses of HK$**[REDACTED]**, and (b) other fees and expenses of HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** of which was charged to our consolidated statements of profit or loss, and HK$**[REDACTED]** of which was attributable to the **[REDACTED]** of Shares and will be deducted from equity. We expect to incur additional **[REDACTED]** of approximately HK$**[REDACTED]** after the Track Record Period, approximately HK$**[REDACTED]** of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** of which is attributable to the **[REDACTED]** of Shares and will be deducted from equity upon **[REDACTED]**. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

SUMMARY

[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming no **[REDACTED]** is exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the midpoint of the stated range of the **[REDACTED]** of between HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**).

We intend to apply the net **[REDACTED]** from the **[REDACTED]** for the following purposes: (i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be allocated to enhance our research and development capabilities, covering investments in our R&D team, procurement of hardware equipment, and procurement of software and technical services; (ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be **[REDACTED]** in the investments of AIDCs projects to continuously expand our computing power resource scale, primarily through the procurement of hardware equipment; (iii) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be allocated to expand our sales channels and strengthen our brand, with the aim of retaining our existing customer base while actively developing new customers; and (iv) approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be allocated for working capital and other general corporate purposes to support the stable conduct of our day-to-day operations. See "Future Plans and Use of **[REDACTED]**" for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in our financial, operational or **[REDACTED]**, indebtedness, contingent liabilities or prospects since June 30, 2026, which is the end date of the periods reported on in the Accountants' Report, and there had been no event since June 30, 2026 that would materially affect the information shown in the Accountants' Report.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in "Glossary of Technical Terms."

"Accountants' Report"	the accountants' report of our Group set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"AIC Agreement"	the acting-in-concert agreement entered into by Dr. Fang and Mr. Shang on July 30, 2017 and subsequently amended on August 19, 2021, December 24, 2021, and December 30, 2025, the details of which are set out in "History, Development and Corporate Structure—AIC Agreement and Our Single Largest Group of Shareholders"
"Articles of Association" or "Articles"	the articles of association of our Company adopted by special resolution on September 23, 2026 with effect from the **[REDACTED]**, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in "Appendix III—Summary of Articles of Association"
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Yizhang"	Beijing Yizhang Technology Co., Ltd. (北京一章科技有限公司), a limited liability company established in the PRC on March 26, 2024 and an indirect non-wholly owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors of our Company

[REDACTED]

"China," "Chinese Mainland" or "PRC"	the People's Republic of China and, for the purpose of this document and for geographical reference only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan of the PRC

"CIC" or "China Insights Consultancy"	China Insights Industry Consultancy Limited, our industry consultant, an independent market research consulting company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	DataCanvas Co., Ltd. (北京九章雲極科技股份有限公司), a limited liability company established in the PRC on February 26, 2013 and converted into a joint stock company with limited liability on February 12, 2026
"Compliance Advisor"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"DataCanvas HK"	DATACANVAS HK TECHNOLOGY CO., LIMITED (香港九章雲極科技有限公司), a limited liability company incorporated in Hong Kong on May 4, 2026 and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Dr. Fang"	Dr. Fang Lei (方磊), our founder, the chairman of our Board, executive Director and general manager of our Company, and a member of our single largest group of Shareholders
"EIT Law"	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

"Equity Incentive Scheme"	the equity incentive scheme of our Company approved and adopted by our Shareholders on March 1, 2018 and amended and restated on February 2, 2026, a summary of the principal terms of which is set out in "Appendix IV—Statutory and General Information—D. Equity Incentive Scheme"
	[REDACTED]
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]
"Group," "we" or "us"	our Company and our subsidiaries from time to time
"Guide for New Listing Applicants" or "Guide"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each, which will be **[REDACTED]** and **[REDACTED]** on the Stock Exchange
	[REDACTED]

"HK$" or "Hong Kong dollar"	Hong Kong dollar, the lawful currency of Hong Kong

[REDACTED]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

"IFRS" or IFRS Accounting Standards	IFRS Accounting Standards issued by the International Accounting Standards Board from time to time
"independent third party(ies)"	entity(ies) or person(s) who is/are not connected person(s) of our Company or our subsidiaries within the meaning of the Listing Rules

[REDACTED]

"Jiuzhang Anhui"	Anhui Jiuzhang Intelligent Computing Information Technology Co., Ltd. (安徽九章智算信息科技有限公司), a limited liability company established in the PRC on November 17, 2023 and an indirect wholly-owned subsidiary of our Company
"Jiuzhang Huangshan"	Huangshan Jiuzhang Yunzhi Technology Co., Ltd. (黄山九章雲智科技有限公司), a limited liability company established in the PRC on December 12, 2024 and an indirect wholly-owned subsidiary of our Company
"Jiuzhang Yunzhi"	Jiuzhang Yunzhi Technology Co., Ltd. (九章雲智科技有限公司), a limited liability company established in the PRC on September 14, 2023 and a wholly-owned subsidiary of our Company

"Latest Practicable Date"	September 24, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Shang"	Mr. Shang Mingdong (尚明棟), our founder, executive Director, vice chairman of our Board, deputy general manager of our Company, and a member of our single largest group of Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of our Board

[REDACTED]

"OPCL"	Oriental Pacific Consultancy Limited, a limited liability company incorporated in Hong Kong on July 12, 2017 and an indirect wholly owned subsidiary of our Company

[REDACTED]

"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Jingtian & Gongcheng, our legal advisor as to PRC law
"Pre-**[REDACTED]** Investment(s)"	the investment(s) in our Company by the Pre-**[REDACTED]** Investors, the details of which are set out in "History, Development and Corporate Structure"
"Pre-**[REDACTED]** Investor(s)"	the investor(s) making investments in our Company prior to the **[REDACTED]**, the details of which are set out in "History, Development and Corporate Structure"

[REDACTED]

"document"	this document being issued in connection with the **[REDACTED]**
"QIB(s)"	qualified institutional buyer(s) within the meaning of Rule 144A
"Registered Capital"	the registered capital of our Company
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value RMB0.1 each upon the completion of the Share Subdivision, comprising Unlisted Share(s) and H Share(s); before the completion of the Share Subdivision, ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Share Subdivision"	the share subdivision immediately prior to the **[REDACTED]**, pursuant to which each of our Share with nominal value of RMB1.00 will be subdivided into ten Shares with nominal value of RMB0.1 each
	[REDACTED]
"Sole Sponsor"	the sole sponsor named in "Directors and Parties Involved in the **[REDACTED]**"
	[REDACTED]
"STA"	State Taxation Administration of the PRC (中華人民共和國國家税務總局)
	[REDACTED]

"State Council"	State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three years ended December 31, 2025 and the six months ended June 30, 2026
"treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"U.S." or "United States"	the United States of America, its territories, possessions and all areas subject to its jurisdiction
"U.S. dollar" or "US$"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time

[REDACTED]

"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.1 each (taking into account the Share Subdivision), which is/are not **[REDACTED]** or **[REDACTED]** on any stock exchange
"Xuanyuan Zhitong"	Beijing Xuanyuan Zhitong Enterprise Management Consulting Partnership (Limited Partnership) (北京軒轅智通企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on June 1, 2017 as our equity incentive platform for the purpose of the Equity Incentive Scheme
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"Agentic AI"	a class of AI systems designed to autonomously perceive environments, make decisions, and execute multi-step tasks with minimal human intervention, often coordinating multiple AI agents to achieve complex goals
"AgentiCTRL"	our dedicated reinforcement learning platform engineered for advanced AI agent training, with deep specialization in Transformer-based large model training scenarios, providing comprehensive engineering infrastructure for the research and deployment of Agentic AI
"AI"	artificial intelligence, a branch of computer science that develops systems capable of performing tasks that typically require human intelligence, such as perception, learning, reasoning, and decision-making
"AI agent"	a system or program that utilizes AI to perform tasks and achieve goals autonomously on behalf of a user or another system
"AIDC"	AI data center, a specialized type of data center designed and optimized to handle the immense computational demands of AI workloads. AIDCs rely extensively on servers and are designed to support both the training of AI models and the execution of AI inference tasks
"AIFS"	AI Foundation Software, customized AI software solutions that provide tools and platforms assisting customers in developing, training and deploying AI models to facilitate internal workflows
"AI infrastructure"	the combination of hardware, software, tools, and processes necessary to develop, deploy, and manage AI applications and solutions, forming the foundational layer that enables AI development and operations
"Alaya Lab"	our all-in-one AI development platform purpose-built for AI researchers and engineers, providing a unified development environment that spans the complete lifecycle of an AI project, from data preparation and model authoring to debugging and deployment

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"API"	application programming interface, a set of defined protocols, routines and tools that enables different software applications to communicate with each other. In the context of AI, an API provides a standard way for external applications to access AI-powered services or models without the user needing to understand the underlying algorithms or infrastructure
"CaaS"	container as a service, a cloud service model that allows users to manage and deploy containers, applications, and clusters through container-based virtualization, typically built on container orchestration platforms such as Kubernetes
"computing power pool"	the aggregate computing capacity that we schedule and operate through Alaya NeW OS to provide our AI Computing Cloud Services, comprising computing capacity (i) leased from AIDCs we delivered to our AI Computing Infrastructure Solutions customers, (ii) leased from third-party AIDCs that we manage under cooperation arrangements, and (iii) generated from servers owned by us
"controllable computing capacity"	the computing power capacity under our direct control, comprising the capacity of the servers owned by us and the capacity secured under contractual arrangements, for which we are responsible for architectural planning, system deployment and ongoing scheduling
"cluster"	a group of interconnected servers that work together as a unified system by sharing computing resources
"CPU"	central processing unit, the primary component of a computer that performs most of the processing inside the computer
"DCU"	data computing unit, our proprietary billing and measurement standard for computing power, defined as the equivalent of 312 TFLOPS of FP16 computing power sustained for one hour, which abstracts underlying hardware differences and allows computing power to be measured, traded, and billed as a standardized utility
"delivered computing capacity"	the computing power capacity of the AIDCs delivered by us to customers through our AI Computing Infrastructure Solutions
"DingoFS"	our fully open-source hybrid storage system designed specifically for the massive parallel input/output requirements of AI workloads, supporting minute-level checkpoint optimization and efficient storage and access for exabyte-scale data
"DingoStack"	our proprietary OpenStack-based infrastructure platform that provides optimized Layer-3 forwarding, routing performance, and network management capabilities for large-scale AI computing environments

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"DKS"	Dedicated Kubernetes Service, our cloud service tier that provides enterprise customers with exclusive access to computing clusters, ensuring performance isolation and the stability required for large-scale, intensive distributed AI model training tasks
"EFLOPS"	ExaFLOPS, a unit of computational performance equal to one quintillion (10^{18}) floating-point operations per second, representing the highest commonly used order of magnitude for measuring aggregate processing capacity in large-scale AI data centers and high-performance computing systems. It is equal to 1,000 PFLOPS
"fine-tuning"	the process of adapting a pre-trained model to perform specific tasks or use cases by training it on a smaller, task-specific dataset, enabling specialization with relatively lower computational cost compared to training from scratch
"FLOPS"	floating-point operations per second, a measure of the computational performance of a processor or computing system, representing the number of floating-point arithmetic calculations that can be performed in one second
"FP16"	16-bit floating-point format, a numerical representation standard used in AI model training and inference that reduces memory usage and increases computational throughput compared to 32-bit floating-point (FP32), commonly employed in accelerated deep learning workloads
"generative AI"	a subfield of AI that focuses on creating new content, such as text, images, videos or audio, based on patterns learned from existing data
"HyperTrain"	our serverless distributed training service based on Kubernetes, engineered to address the computational and management complexities of enterprise-level AI training by encapsulating infrastructure management, resource scheduling, and distributed framework adaptation into a unified core task engine
"IDC"	internet data center, a specialized physical facility designed to house a large number of computer systems, network equipment and associated infrastructure, such as power supply, cooling systems and security systems. The broader definition of an IDC now includes both traditional CPU-based IDCs and AIDCs
"IDE"	integrated development environment, a comprehensive software application that provides developers with a unified interface for writing, editing, debugging, and testing code

"Kubernetes"	an open-source container orchestration platform that automates the deployment, scaling, and management of containerized applications across clusters of servers, providing resource scheduling, load balancing, and self-healing capabilities
"LLM"	large language model, a deep learning model trained on large-scale text data to understand, process and generate human language. It specializes in natural language tasks and forms the foundation of many language-based AI applications
"MaaS"	model as a service, a cloud-based service that provides access to pre-trained machine learning models via APIs, allowing businesses to deploy AI applications without extensive in-house expertise in model development, training or infrastructure management
"MFU"	model FLOPs utilization, a metric that measures the efficiency of a computing system during AI model training or inference by comparing the actual computational throughput achieved to the theoretical peak performance of the hardware, expressed as a percentage
"ModelOps"	model operations, a set of practices, tools, and processes covering the full lifecycle of AI model management, including model development, training orchestration, versioning, deployment, monitoring, and iterative optimization, aimed at improving the efficiency and reliability of bringing AI models into production
"PFLOPS"	peta floating-point operations per second, a unit of computational performance equal to one quadrillion (10^{15}) floating-point operations per second, commonly used to measure the aggregate processing capacity of AI data centers and computing clusters
"R&D"	research and development
"RDMA"	remote direct memory access, a technology that allows direct memory access from the memory of one computer to that of another without involving either computer's operating system, achieving high throughput and low latency data transfer essential for large-scale distributed AI training
"reinforcement learning" or "RL"	a machine learning paradigm in which an agent learns to make decisions by interacting with an environment to maximize cumulative rewards, widely used in post-training optimization of large language models and in developing autonomous AI agents capable of complex reasoning and decision-making

GLOSSARY OF TECHNICAL TERMS

"SaaS"	software as a service, a category of cloud services that provides a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"serverless"	a cloud computing execution model in which the cloud provider dynamically manages the allocation and provisioning of computing resources on behalf of the user, allowing applications and workloads to scale automatically without requiring users to provision, manage, or maintain servers
"TFLOPS"	teraFLOPS, a unit of computational performance equal to one trillion (10^{12}) floating-point operations per second, used to describe the processing throughput of computing servers
"token"	the basic unit of text or data processed by AI models, particularly large language models; tokens can represent words, subword segments, punctuation marks, or other discrete units of input, and serve as the fundamental element for input processing and output generation. The number of tokens consumed in a given interaction is commonly used as the basis for measuring and billing AI model usage
"Transformer"	a deep learning neural network architecture that can efficiently process sequential data, such as text, by utilizing attention mechanisms to weigh the importance of different parts of the input when generating outputs, serving as the foundational architecture underlying most modern large language models
"VKS"	Virtual Kubernetes Service, our cloud service tier that provides flexible, serverless computing resources for AI enterprises, research institutions and developers, leveraging our serverless architecture to enable elastic scaling of computing resources within seconds based on real-time workload demands
"VLA"	Vision-Language-Action, a multimodal AI model architecture that integrates visual perception, natural language understanding and physical action control, enabling robotic systems and embodied AI agents to interpret visual inputs and language instructions and translate them into real-world actions

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information that relate to our current expectations and views of future events. These forward-looking statements are contained principally in "Summary," "Risk Factors," "Industry Overview," "Business," "Financial Information" and "Future Plans and Use of **[REDACTED]**." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors," which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "potential," "continue," "is/are likely to" or other similar expressions.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in "Risk Factors."

The forward-looking statements contained in this document relate only to events or information as of the date on which the statements are made. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this document completely and with the understanding that our actual future results or performance may be materially different from what we expect.

In this document, statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any of these intentions may change in light of future development.

An **[REDACTED]** *in our H Shares involves various risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and "Financial Information," before deciding to* **[REDACTED]** *in our H Shares. Our operations involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all or part of your* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition, and prospects. In any such event, the market price of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements."*

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

If the AI computing service industry does not grow as expected, or if we fail to compete effectively in such industry, our business, results of operations and financial condition may be materially and adversely affected.

The AI computing service industry in which we operate is relatively new. Our business depends in part on continued market expansion and customer adoption of AI computing services. If overall industry growth slows, demand is weaker than expected, or customers delay or reduce spending on AI computing services, our business, results of operations and financial condition could be materially and adversely affected.

In addition, the AI computing service industry is competitive and may become increasingly competitive as existing market participants expand their service offerings and new entrants enter the market. Our ability to compete effectively depends on, among other things, our ability to continuously improve and upgrade our technology, enhance our solution offerings and service quality, respond to evolving customer requirements and industry standards, and introduce innovative features and capabilities in a timely and cost-effective manner. If we are unable to compete effectively in the AI computing service industry, including by failing to anticipate or respond effectively to technological developments or changing customer demands, our solutions may become less attractive, our customer relationships may be adversely affected, and we may experience reduced demand, pricing pressure or loss of market share.

We have recorded net losses and recorded operating cash outflows during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future.

In 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, we recorded net loss of RMB394.2 million, RMB458.4 million, RMB335.6 million, RMB238.2 million and RMB1,094.9 million, respectively. Certain of our business segments also recorded gross loss during the Track Record Period due to upfront procurement, deployment and infrastructure costs. We may continue to incur losses in the future as we expand our business and operations in the AI computing services market and continue to make significant investments in research and development, infrastructure, sales and marketing, and talent. Our ability to achieve profitability will depend on a number of factors, including our ability to (i) grow our customer base and increase customer usage, (ii) develop and commercialize new technologies and solutions, (iii) enhance service quality, reliability and customer experience, (iv) improve utilization

of our computing resources, and (v) manage our cost structure and operating efficiency. Failure to do so may result in significant losses in the future and we may not be able to achieve or subsequently maintain profitability.

We experienced net operating cash outflows of RMB251.2 million, RMB38.4 million, RMB82.4 million, RMB50.4 million and RMB86.5 million in 2023, 2024, and 2025, and for the six months ended June 30, 2025 and 2026, respectively. We cannot assure you that we will generate positive operating cash flows in the future. Continued operating cash outflows could constrain our working capital and adversely affect our financial condition. Failure to obtain sufficient funding in a timely manner could lead to payment defaults and hinder our business expansion, which would materially and adversely affect our business, results of operations, and financial condition.

Our AI Computing Infrastructure Solutions and AI Computing Cloud Services have limited commercialization history.

Our AI Computing Infrastructure Solutions and AI Computing Cloud Services are relatively new business lines with limited commercialization history, and our business model continues to evolve as we develop our solution offerings, expand our customer base and enhance our service capabilities. During the Track Record Period, our total revenue increased by 272.3% from RMB106.2 million in 2023 to RMB395.5 million in 2024, by 177.7% to RMB1,098.2 million in 2025, and by 92.0% from RMB306.4 million for the six months ended June 30, 2025 to RMB588.4 million for the six months ended June 30, 2026. Our future growth and the successful commercialization of our solutions and services will depend on various factors, including China's overall economic growth, the technology development of the AI industry, awareness of enterprises to deploy AI applications, our ability to attract and retain our customers, our ability to create value for customers with our AI computing solutions and services, and our ability to manage our costs and enhance operating leverage. In addition, certain of our newer offerings and technologies, including Alaya Token, AI Factory and Alaya Atom Pod, are at an early stage of commercialization or development. We did not recognize revenue from Alaya Token during the Track Record Period, and we cannot assure you that these offerings will achieve market acceptance or generate meaningful revenue. As we continue to develop and scale these relatively new business models, we may encounter risks and difficulties, including validating customer demand, marketing our solutions and services, expanding our customer base, scaling up our operations and headcount, managing infrastructure deployment and service delivery, and controlling costs. If we fail to execute our commercialization strategies effectively, achieve the level of market acceptance we expect, secure continued customer adoption and deployment of our products, or maintain quality control as our business expands, our business, results of operations and financial condition may be materially and adversely affected.

We have been and intend to continue investing significantly in R&D. If we are unable to generate commercial returns from our R&D investments, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We devote significant resources to research and development to enhance our technologies, expand our product and service capabilities and support our long-term competitiveness. Our research and development expenses were RMB111.6 million, RMB103.4 million, RMB121.6 million, RMB53.1 million and RMB66.8 million in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively, representing 105.0%, 26.2%, 11.1%, 17.3% and 11.4% of our total revenue in the respective periods.

R&D activities are inherently complex, time-consuming and uncertain, and may not result in commercially viable technologies, products or services. We may experience development delays, technical obstacles, quality or performance issues, or difficulties in translating research outcomes into scalable offerings that customers are willing to adopt and pay for. Even where R&D efforts lead to technological progress, we may not be able to commercialize such results on acceptable timelines or at acceptable costs, or at all, and we may fail to realize the anticipated benefits from such investments.

In addition, our R&D investments may require substantial upfront expenditure and ongoing commitments, and unsuccessful projects or misallocation of resources could negatively impact our operating results and cash flows. If we are unable to effectively manage our R&D strategy, execution and commercialization, our R&D spending may not generate adequate returns, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We could suffer disruptions, outages, latencies, defects and other performance and quality problems with our solutions and services or with the internet infrastructure on which they rely.

Our business relies on the continuous, stable and secure operation of our products and services. Any interruption, degradation in performance or system malfunction could adversely affect customer experience and confidence. Service instability may arise from various factors, including software defects, cybersecurity incidents, capacity limitations, system design flaws, human error, the introduction of new features or updates, or vulnerabilities in third-party or open-source components. In addition, the cloud and network infrastructure supporting our operations may be affected by power outages, telecommunications failures, natural disasters or other events beyond our control. If we fail to promptly detect and resolve technical issues, we may experience reduced customer usage, reputational harm and increased operating costs.

We also depend on leased AIDCs and network service to provide our services. A significant portion of our computing power pool is located in AIDCs leased from third parties, including certain of our AI Computing Infrastructure Solutions customers. If our relationships with such service providers are terminated, suspended or materially altered, or if infrastructure services become unavailable, we may need to transition to alternative providers. Such transitions could involve operational disruption, additional expense and implementation risk.

If we are not able to maintain and enhance our brand, our business, results of operations, financial condition and prospects may be adversely affected.

We must maintain and enhance our brand identity while increasing market awareness of the reputation of our business, solutions and services. The successful promotion of our brand depends on our efforts to achieve widespread acceptance of our solutions and services, attract and retain customers, maintain our current market leadership, and successfully differentiate our offerings from those of competitors. These efforts require substantial investments, and we anticipate expenses will increase as our market becomes more competitive. Furthermore, these investments in brand promotion may not yield increased revenue. To the extent they do, the resulting revenue still may not be enough to offset the increased expenses we incur.

In addition, adverse publicity, with or without merits, relating to events or activities attributed to us, our management, Directors, employees, Shareholders, business partners or their affiliates, industry, or solutions and services similar to ours, may tarnish our reputation and reduce the value of our brand. Given the delicate and complex nature of the industry that we operate in, we are vulnerable to such statements or opinions. If we fail to respond to such statements or opinions in a proper manner, our business, results of operations and financial condition may be adversely affected. Damages to our reputation and loss of brand equity may reduce demand for our solutions and services and require additional resources to rebuild our reputation and restore the value of the brands, which in turn have an adverse effect on our future financial results.

Our business operations require significant capital resources on an ongoing basis.

Our business operations are capital intensive, requiring substantial investments in computing infrastructure and resources, and technological capabilities. Additionally, we require significant capital for R&D to maintain our competitive edge in AI computing solutions. In 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our capital expenditures amounted to RMB26.9 million, RMB13.1 million, RMB39.6 million, RMB3.1 million and RMB13.7 million, respectively. Our capital expenditures are related to purchases of property, plant and equipment. Our property, plant and equipment increased from RMB18.6 million as of December 31, 2023 to RMB36.0 million as of December 31, 2024, to RMB65.3 million as of December 31, 2025, and to RMB71.7 million as of June 30, 2026. We undertake capital projects to expand our service capacity and enhance our technological capabilities, which are subject to various risks and uncertainties, including market conditions, regulatory policies, international relations, funding availability, and relationships with technology suppliers and business partners. In addition, our computing infrastructure and resources investments may not achieve anticipated utilization rates or commercial viability. Any failure in project execution or technology development could materially affect our business, results of operations and financial condition.

We currently fund our operations primarily through equity financing, bank borrowings and cash flow from operating activities. We recorded net operating cash outflows in each year and period during the Track Record Period. However, there is no assurance that our existing funding sources will sufficiently support our growth and development needs. External funding availability depends on various factors, including regulatory approvals, market conditions and our operating performance. Our significant computing infrastructure and resources investments require consistent capital access. If we cannot secure necessary financing on reasonable terms, we may need to delay the upgrade or expansion plans for our computing infrastructure and resources. This may impact our service capacity and quality, and ultimately may materially and adversely affect our business, results of operations and financial condition.

We have entered into long-term commitments to secure computing capacity, and we may not be able to utilize such capacity efficiently.

We secure a significant portion of the computing capacity in our computing power pool through long-term leases, which typically have a term of five years. Our payment obligations under these leases are generally fixed and do not depend on how much of the leased capacity we are able to sell to customers. In contrast, our AI Computing Cloud Services are provided under subscriptions for agreed periods that may be shorter than our lease terms, or on a pay-as-you-go basis without any minimum commitment. As of the Latest Practicable Date, our controllable computing capacity exceeded 29,000 PFLOPS. If customer demand for our AI Computing Cloud Services does not grow as we expect, if customers do not renew

their subscriptions, or if we are unable to deploy contracted capacity on schedule, the utilization of our computing power pool may decline. In addition, the rapid development of AI computing hardware may reduce the market price of computing power delivered on earlier generations of hardware before the end of the relevant lease terms. In any of these circumstances, we would continue to bear the fixed costs of the leased capacity, including depreciation of right-of-use assets and interest on lease liabilities, which could materially and adversely affect our gross profit margin, results of operations and financial condition.

Our rapid growth depends on our ability to attract new customers, retain existing customers and increase sales to both new and existing customers.

Our revenue is primarily derived from fees paid by our customers for our solutions and services. As a result, our financial performance depends on our ability to maintain long-term relationships with existing customers, increase their usage and spending, and continuously acquire new customers across different verticals. Our ability to do so depends on a number of factors, including the competitiveness and performance of our solutions and services, our pricing strategy, the strength and reliability of our technologies, and the effectiveness of our sales, marketing and customer support functions. If we fail to meet customer expectations or evolving requirements, customers may reduce usage, delay purchases, seek alternative providers or terminate their relationships with us.

Any decline in customer retention, reduction in customer spending or slowdown in customer acquisition would directly reduce our revenue. If revenue growth slows while certain operating costs remain fixed or increase, our gross margins and operating leverage may be adversely affected, which could in turn negatively impact our results of operations and financial condition. As our customer base grows and diversifies into other verticals, we may face greater operational complexity and increased service demands. If we are unable to maintain service quality or effectively support customers across different verticals, customer dissatisfaction could increase, further constraining our revenue growth and adversely affecting our business, results of operations and financial condition.

Security breaches and attacks against our systems and network, and any potentially resulting breach of or failure to protect personal, confidential and proprietary information, could materially and adversely affect our business, results of operations and financial condition.

Although we have implemented cybersecurity and data protection measures, such measures may not prevent, detect or mitigate all security incidents. Our systems and those of our third-party service providers may be vulnerable to cyberattacks or other security threats, including distributed denial-of-service attacks, malware, phishing, unauthorized access, insider misconduct, software vulnerabilities, and other techniques designed to disrupt operations or gain unauthorized access to data. Because attack methods evolve rapidly and are often not recognized until launched, we may be unable to anticipate or implement effective countermeasures in a timely manner.

A security incident could result in unauthorized access to, disclosure, alteration or destruction of data, or disruption of our operations. We are subject to legal and contractual obligations regarding data security and breach notification. Applicable laws and regulations may require us to notify affected individuals, regulators or other parties in the event of certain data incidents, and our agreements with customers and partners may impose similar obligations. Compliance with such requirements could result in significant costs, regulatory scrutiny and reputational harm. In addition, a security breach could expose us to claims, investigations, penalties or litigation from customers, end-users or other stakeholders alleging failure to comply with legal or contractual data protection obligations. We may incur substantial

defense, settlement or remediation expenses, and our customer relationships could be adversely affected. Any limitations of liability in our contracts may not be enforceable or sufficient to protect us from all liabilities.

If a security incident compromises the confidentiality, integrity or availability of data, or materially disrupts our services, our reputation, customer trust and competitive position could be harmed. We may also incur increased insurance costs or find our coverage insufficient to fully offset losses. As we expand our business and process greater volumes of sensitive and proprietary data, our exposure to cybersecurity risks and the potential impact of such incidents may increase.

We rely on third-party suppliers and service providers for hardware, servers, electricity and other services, which may subject us to supply chain risks.

While engaging third parties allows us to focus on our core business, there is no assurance that: (i) these suppliers and service providers will operate in accordance with our instructions, policies and business guidelines, or that the quality, reliability and continuity of their products and services will not materially deteriorate; (ii) we can maintain stable relationships with these suppliers and service providers; (iii) they will not unilaterally increase their prices or fees for hardware, servers, electricity and other services; or (iv) there will not be any misconduct, operational failures, or other issues on their part that could materially and adversely affect the services they provide, or our operations.

The operations and business strategies of our suppliers and service providers are beyond our control. We cannot assure you that we will be able to maintain stable supply relationships or secure alternative sources on commercially reasonable terms. Identifying and qualifying additional or replacement suppliers and service providers is often a lengthy process and may result in interruptions or delays, increased costs, or reduced operational efficiency. Disruptions or delays in the supply of hardware, servers, electricity and other services could materially and adversely affect our business, results of operations, financial condition and prospects.

We are subject to supplier concentration risk.

The purchases from our top five suppliers in each year/period during the Track Record Period were RMB98.0 million, RMB584.6 million, RMB1,385.9 million and RMB794.9 million, respectively, accounting for 47.1%, 74.8%, 84.8% and 74.5% of our total purchase amount in the same years/periods, respectively. The purchases from our largest supplier in each year/period during the Track Record Period accounted for 16.1%, 22.8%, 31.5% and 50.5% of our total purchase amount in the same years/periods, respectively. In addition, certain of our major suppliers were also our customers during the Track Record Period. See "Business—Overlapping of Our Customers and Suppliers" for more details. This supplier concentration risk and reliance can lead to several challenges, including potential supply disruptions, increased pricing leverage for suppliers and quality control issues. We cannot assure you that we will be able to find other suppliers providing comparable service or products at comparable prices within a reasonable period in case of interruption of our major suppliers' business or our business relationship with them, in which case our business, results of operations and financial condition may be materially and adversely affected.

We relied on a limited number of customers during the Track Record Period, and a loss of any major customer may adversely affect our business, results of operations and financial condition.

We have experienced relatively high customer concentration. Revenue attributable to our five largest customers amounted RMB58.3 million, RMB339.0 million, RMB966.5 million and RMB475.6 million in each year or period during the Track Record Period, respectively, representing 54.8%, 85.7%, 88.0% and 80.8% of our total revenue for the same periods, respectively. Revenue attributable to our largest customer amounted to RMB22.8 million, RMB172.3 million, RMB527.4 million and RMB172.7 million in each year or period during the Track Record Period, respectively, representing 21.5%, 43.6%, 48.0% and 29.4% of our total revenue for the same periods, respectively. In addition, certain of our major customers were also our suppliers during the Track Record Period. See "Business—Overlapping of Our Customers and Suppliers" for more details.

There can be no assurance that our existing major customers will continue to procure our solutions and services at historical levels or at all. In addition, we may not be able to replace any lost revenue with sales to new or existing customers on comparable terms or within a reasonable timeframe. The loss of, or a significant reduction in orders from, any of our major customers, whether due to changes in their business strategies, financial condition, competitive pressures, pricing disputes or other factors, could materially and adversely affect our revenue, cash flow, results of operations and financial condition.

Our AI Computing Infrastructure Solutions are project-based, and uncertainties in project acquisition and execution may materially and adversely affect our business and results of operations.

Our AI Computing Infrastructure Solutions are primarily delivered on a project-by-project basis. We obtain these projects primarily through public tenders, and our customers mainly consist of local governments, their departments, state-owned enterprises and private enterprises. Their demand for AIDC construction may be affected by fiscal budgets, local industrial policies and government investment priorities, which are beyond our control. Each project may involve multiple stages, including customer engagement, solution design, procurement, deployment, integration, testing and delivery, and may require considerable time and resources before revenue can be generated. As a result, the timing, size and execution of our projects may be uncertain and difficult to predict. Some projects may take several months to complete, while larger or more complex projects may take longer, depending on factors such as customer requirements, project scope, delivery schedule, procurement and deployment progress, and customer acceptance. Any delay, cancellation, reduction in scope or failure to secure new projects may result in fluctuations in our revenue and results of operations. If we are unable to manage the uncertainties associated with project-based delivery, secure sufficient projects or execute our projects in a timely and cost-effective manner, our business, results of operations, financial condition and prospects may be materially and adversely affected.

If we are unable to retain, attract, recruit and train senior management and other key personnel, our business, results of operations and financial condition may be materially and adversely affected.

Our future success depends heavily on continuing efforts of our senior management, many of whom are difficult to replace. In particular, we rely on the expertise, experience and vision of our senior management, as well as other key personnel. If any of our senior management becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our results of operations and financial condition may be materially and adversely affected.

Additionally, our future success also depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch research and development team to develop our advanced technologies and solutions, and our experienced sales personnel to maintain relationships with our customers. In order to compete for talents, we may need to offer higher compensation, better training and more attractive career opportunities and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

Our net current liabilities and net liabilities may expose us to certain liquidity risks.

We recorded net current liabilities and net liabilities during the Track Record Period, primarily attributable to financial liabilities at FVTPL. Net current liabilities and net liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. If we are unable to improve our liquidity position, we may experience difficulties in meeting our payment obligations as they become due. This could adversely affect our relationships with suppliers, limit our ability to undertake new projects, delay our business expansion plans and materially and adversely affect our results of operations and financial condition.

Fluctuations in the fair value of our financial liabilities at FVTPL may materially and adversely affect our financial condition and results of operations.

During the Track Record Period, changes in fair value of financial liabilities at FVTPL have significant impacts on our financial results. We recorded losses on changes in fair value of financial liabilities at FVTPL of RMB199.7 million, RMB252.0 million, RMB239.5 million, RMB178.2 million and RMB1,067.8 million in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. The determination of the fair value of such financial liabilities requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial liabilities. These factors include, but are not limited to, general economic condition, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

We are subject to seasonal fluctuations in our revenue.

Our business, particularly our AI Computing Infrastructure Solutions which account for the largest proportion of our total revenue, is subject to distinct seasonality. Our major customers typically follow strict annual budget, procurement, and expenditure cycles. Project delivery, inspection, and final customer acceptance usually concentrate in the second half of the year. According to our revenue recognition policy, revenue for our solutions is generally recognized at a point in time upon final customer acceptance. Consequently, we generally record a substantially higher proportion of our annual revenue in the second half of a year, which may cause our operating results to vary significantly from period to period.

We are expanding our international operations, which exposes us to significant regulatory, economic and political risks.

We are in the process of prudently expanding our operations and customer base internationally. Although we may adapt our strategies to address the requirements of overseas markets, there can be no assurance that such efforts will achieve the intended results. As we expand into new jurisdictions, we may encounter various challenges, including intensified competition, unfamiliar market conditions, uncertain enforcement of intellectual property rights, credit and collectability risks relating to trade receivables, and compliance with complex and evolving laws and regulations in China and other countries.

As part of navigating this complex regulatory landscape, we are subject to strict anti-corruption, anti-money laundering, anti-bribery, and other relevant laws and regulations in the PRC and across the global markets we enter. If our compliance processes or internal control systems fail to operate properly, or if any of our subsidiaries, employees, or other associated persons engage in fraudulent, corrupt, or other unfair business practices, we may be subject to investigations and proceedings by PRC and other governmental authorities. Such enforcement actions could result in severe penalties, fines, and sanctions. We may also be exposed to operational complexities arising from managing a geographically dispersed and culturally diverse workforce and customer base. In some circumstances, compliance with the laws and regulations of one jurisdiction may conflict with the requirements of another jurisdiction.

We cannot assure you that we will be able to fully comply with applicable legal and regulatory requirements in each market in which we operate or successfully adapt our business model to local conditions. Any failure to effectively manage the risks associated with international expansion, or any regulatory violations resulting from our operations, could materially and adversely affect our reputation, business, results of operations and financial condition.

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

The loss, unauthorized access or misuse of the operational data or confidential information of our customers and employees collected, used, or transferred by us in the course of our business could result in significantly increased costs. For example, if third parties improperly obtain and use such data, or if we otherwise experience a data loss, we may be required to expend considerable resources to comply with data breach notification requirements and to defend against potential legal claims. A major breach of network security related regulations may result in fines, penalties, and damages, harm our reputation and adversely affect our business, results of operations and financial condition.

Laws and regulations governing data and privacy protection are rapidly evolving and may conflict across the various jurisdictions in which we currently operate or plan to conduct business. We are subject to a range of local, national and international laws and regulations relating to the collection, use, retention, protection, security, disclosure, transfer and other processing of personal information or other data in these jurisdictions ("**Data Protection Laws**"). Any actual or alleged failure by us, our suppliers or other business partners to comply with applicable Data Protection Laws could result in regulatory investigations, litigation, the imposition of fines or damages, ongoing audit requirements, and other significant costs and liabilities. As these laws and regulations continue to develop, the complexity and cost of ongoing compliance may increase.

Complying with emerging and changing legal and regulatory requirements relating to data and privacy protection may cause us to incur substantial costs or require us to change our business practices. For example, we may be subject to certain filing requirements under privacy-related laws, regulations or policies. Any non-compliance could adversely affect our ability to collect, analyze and process data, expose us to significant monetary penalties, damage our reputation, result in suspension of our services and subject us to legal liabilities. In addition, our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Furthermore, any inability to adequately address data or privacy protection or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection or information security-related contractual terms with customers or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand and could adversely affect our business, results of operations and financial condition. Moreover, our security measures may not address every potential threat and could be susceptible to hacking, employee error, malfeasance, system or technical issues, weak password management or other vulnerabilities.

We may not be successful in implementing our business plans and strategies effectively or at all.

Our business plans and strategies are based on our assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, which could affect the commercial viability of our business plans and strategies. As such, we cannot guarantee that our business plans and strategies will be implemented successfully as scheduled or at all.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities as expected or remain competitive. Furthermore, even if we implement our business plans and strategies effectively and efficiently, there may be other unexpected events or factors beyond our control that may prevent us from achieving desirable and profitable results, such as the changes in local laws and regulations and governmental policies, the availability of skilled professionals and changes in customer demand. Moreover, our business plans and strategies may increase our operating costs, such as higher staff costs, and increase our cash outflows for operating and investing activities. Accordingly, if our business plans and strategies cannot be successfully implemented, or if they do not yield ideal results, we may have significant difficulties in recovering our costs and therefore experience a material adverse impact on our business, results of operations and financial condition and prospects.

Intense market competition may subject us to pricing pressure, which could materially and adversely affect our business, results of operations and financial condition.

The AI computing service industry is highly competitive, and competition may intensify as existing market participants expand their offerings and new entrants enter the market. To maintain or expand our market share, win new projects or retain customers, we may be required to adopt more competitive pricing, offer more favorable commercial terms or increase customer incentives. Our ability to price our AI Computing Infrastructure Solutions and AI Computing Cloud Services effectively depends on a number of factors, including customer demand, the procurement costs of hardware, project complexity, target gross margins and competitive dynamics in the market. If intense market competition results in sustained pricing pressure, we may not be able to maintain our gross profit margin or profitability. Any significant or sustained adverse changes to our pricing terms or strategies could materially and adversely affect our business, results of operations, financial condition and prospects.

Pressure on our pricing models could adversely affect our business, results of operations and financial condition.

To cater to the diverse needs of our customers, we utilize a variety of flexible pricing models, primarily consisting of project-based, time-based, and usage-based billing arrangements. Our ability to price our offerings effectively depends on accurately evaluating a complex set of variables, including the procurement costs of hardware, the complexity of customized solutions, our target gross profit margins, and the evolving competitive dynamics within the AI computing service market. Our pricing strategy is designed to be flexible and market-oriented, catering to the diverse needs of our customers. However, the price sensitivity of our customers may vary by sector or application scenario, and as we expand, our pricing methodologies may not enable us to compete effectively in certain markets. The overall gross profit margin in the AI computing service industry is subject to pressure from intense competition, rapid technological changes, and high infrastructure and operational costs. If we are forced to significantly and consistently lower our prices, increase incentives to attract or retain customers, or otherwise modify our pricing strategies, we may not be able to maintain our profitability, which could materially and adversely affect our business, results of operations, financial condition and prospects.

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

We use open-source software in some of our solutions and expect to continue to do so in the future. Although we have adopted internal protocols to review, monitor and manage our use of open-source software, we may face claims alleging ownership of open-source software or seeking to enforce the terms of open-source licenses, including claims that we have failed to comply with applicable license requirements. The terms of many open-source licenses have not been interpreted by courts and may be construed in a manner that imposes unanticipated obligations or restrictions on our ability to commercialize our solutions and services. As a result, we may be required to obtain licenses from third parties, disclose or make available certain proprietary source code, re-engineer or replace open-source components, or discontinue or restrict the offering of certain solutions or services. In addition, open-source software may be further developed or modified by others, including our competitors, which may reduce demand for our solutions and services or affect our competitive position. If we are unable to effectively manage the risks associated with our use of open-source software, our business, results of operations and financial condition may be adversely affected. In addition, our AI Computing Cloud Services, including Alaya Token, support and provide access to third-party models, including open-source foundation models. Such models may be subject to license terms that restrict certain uses, require attribution or impose other obligations, and we have limited control over their development, performance or outputs.

Actual or perceived flaws or misuse of AI technologies could materially and adversely affect our business, reputation and growth prospects.

The adoption of our solutions and services depends in part on the reliability, safety and public perception of AI technologies. AI technologies are inherently complex and may contain actual or perceived design flaws, technical limitations, algorithmic biases, performance deficiencies or other defects, which may result in inaccurate, ineffective or unintended outputs. AI technologies may also be subject to misuse, abuse or ethical concerns by end-users or third parties. Any actual or perceived flaws, misuse or ethical concerns relating to AI technologies, whether or not related to our solutions and services, could result in negative publicity, heightened regulatory scrutiny or a loss of confidence in AI technologies, which may reduce customer demand, slow the adoption of AI solutions and materially and adversely affect our business, reputation, results of operations and growth prospects.

If we fail to obtain and maintain the requisite licenses and approvals required under the regulatory environment applicable to our business, our business, results of operations and financial condition may be materially and adversely affected.

Under the current PRC regulatory scheme, a number of governmental authorities, including but not limited to the Ministry of Industry and Information Technology ("**MIIT**"), the Cyberspace Administration of China, jointly regulate major aspects of our industries. In accordance with the laws and regulations in the jurisdictions in which we operate, we are and may be required to maintain various approvals, licenses, permits and certifications in order to operate our business, such as Value-Added Telecommunications Business Operation License for Information Services, and Value-Added Telecommunications Business Operation License for Internet data center services (the "**IDC license**"), including Internet resources cooperation services. Complying with such laws and regulations may require substantial expense, and any noncompliance may expose us to liability. We have designed and adopted strict internal procedures to support the compliance of our business operations with all relevant laws and regulations, and to facilitate obtaining and maintaining necessary approvals, licenses, permits and certifications for our business operations. However, we cannot assure you that these procedures will be effective in identifying and addressing all applicable regulatory requirements in a timely manner.

We commenced our AI Computing Cloud Services in September 2024. Through Alaya NeW Cloud, we serve as a computing power distribution service provider for AI data centers, offering computing power trading and distribution services to customers. These services serve as a computing power distribution service provider for AI data centers, offering computing power trading and distribution services to customers, with operational characteristics that differ from traditional server colocation and data center facility leasing services. In anticipation of potential licensing requirements associated with the continued development of our AI Computing Cloud Services, Beijing Yizhang proactively applied for an IDC license and obtained it on September 17, 2026. Under the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), an IDC license is required to conduct Internet data center services. If the competent regulatory authorities determine an entity's certain business activities fall within the scope of conducting Internet data center services, the enterprise conducting such activities without such a license may be subject to penalties, including orders to rectify, confiscation of illegal gains, fines and, in serious circumstances, suspension of operations for rectification. See "Regulatory Overview—Regulations Relating to Value-added Telecommunications" for more details. As advised by our PRC Legal Advisor, the likelihood of our Company being subject to material administrative penalties in respect of such historical operations is low, primarily based on the following considerations: (i) the Telecommunications Business Classification Catalogue (2015 Edition) (as amended in 2019) (《電信

業務分類目錄(2015年版)》(2019年修訂)) defines Internet data center services to include (a) leasing and outsourcing of data center facilities to provide server colocation, agency maintenance, system configuration and management for users' servers; leasing of database systems, servers and storage space; and agency leasing of communication lines and egress bandwidth; and (b) using resources built on top of data centers to provide, over the internet or other networks, data storage, application development environments, application deployment and operation management, on an on-demand, anytime-available, elastically scalable and collaboratively shared basis. Whether the AI Computing Cloud Services operated by the Company fall within the statutory scope of Internet data center services is not expressly defined; (ii) under the Law of the People's Republic of China on Administrative Penalty (as revised in 2021) (the "**Administrative Penalty Law**"), administrative penalties may not be imposed where a party concerned provides sufficient evidence establishing that it acted without subjective fault, or where the first instance of non-compliance was minor, corrected in a timely manner and caused no harmful consequences. The Company proactively applied for the IDC license considering that its expanding service offerings might be interpreted as requiring the IDC license and did not intentionally operate without an IDC license. Furthermore, its historical operations did not cause harmful consequences and Beijing Yizhang had obtained its IDC license as of the Latest Practicable Date. As advised by our PRC Legal Advisor, these circumstances fall within the circumstances for non-imposition of administrative penalties under the Administrative Penalty Law; (iii) the competent regulatory authority is aware of that the Company had not obtained an IDC license in the past and granted the IDC license to Beijing Yizhang on September 17, 2026; (iv) the compliance certificates as of June 30, 2026 do not disclose any administrative penalties, orders for rectification or investigations, and as of the Latest Practicable Date, neither Beijing Yizhang nor the Company had been subject to any administrative penalties, orders for rectification or investigations in respect of such historical operations. However, the competent regulatory authorities possess discretion in interpreting and enforcing telecommunications laws and regulations. We cannot assure you that the relevant authorities will not take a view contrary to the opinion of our PRC Legal Advisor or initiate retrospective enforcement proceedings.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we have obtained all the requisite licenses and made all the requisite filings with competent governmental authorities that are material to the operation of the business we engage in China. However, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future business. If we fail to obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, such as confiscation of the revenue that was generated through the affected operations, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Economic sanctions, export control and other trade restrictions imposed on Chinese companies may affect our business, results of operations and financial condition.

Our operations may be negatively affected by economic sanctions, export control and other trade regulations administered by foreign government authorities, including those mainly implemented by the U.S. Department of the Treasury's Office of Foreign Assets Control and the Commerce Department's Bureau of Industry and Security (the "**BIS**"), that directly or indirectly affect China-based technology companies. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to potential civil or criminal penalties, including the possible loss of export privileges, fines, which may be imposed on us and responsible employees or managers, and, in extreme cases, the incarceration of responsible employees or managers. Any change in export control or economic sanctions regulations, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could also result in decreased use of our products and services, which could adversely affect our business, results of operations, financial condition, and prospects.

In recent years, the United States has imposed export control restrictions on certain items under the EAR. During the Track Record Period and up to the Latest Practicable Date, we had limited transactions with a small number of customers designated on the Entity List maintained by the BIS. Under the U.S. Export Administration Regulations ("**EAR**"), the export, reexport, or transfer of items subject to the EAR to entities on the Entity List are subject to license requirements. We only provided these customers with (i) self-developed software for financial data management purposes, which was not subject to the EAR based on an analysis under the De Minimis Rule and the Foreign Direct Product ("**FDP**") Rule, and (ii) computing resources, the provision of which did not constitute an export, reexport, or transfer of items subject to the EAR. Accordingly, we believe our transactions with these customers did not give rise to a violation of the Entity List restrictions under the EAR.

Our AI Computing Infrastructure Solutions rely in part on computing servers procured or leased from PRC-based suppliers. We also distributed a limited number of servers in the ordinary course of business during the Track Record Period. We sourced such servers through commercial channels and have sought information and confirmations from relevant suppliers concerning their sourcing and compliance with applicable export control requirements. To the best of our knowledge and based on the consultation with our legal advisor to international sanctions laws and regulations, we have not identified any circumstances indicating that our business operations violated applicable U.S. export control regulations during the Track Record Period. U.S. export control regulations are complex and subject to change, and the interpretation and enforcement thereof involve significant discretion on the part of U.S. competent authorities. We cannot assure you that our operations will not become subject to regulatory scrutiny in the future.

U.S. export control requirements applicable to advanced computing products and related activities may evolve. Our operations may be negatively affected if the U.S. government imposes additional restrictions in the future on the use or acquisition of such products, as well as on related cloud computing or artificial intelligence activities. If we acquire, use or resell restricted products in violation of U.S. export control laws, we could face significant regulatory and legal risks. We may also encounter additional compliance challenges or restrictions on transactions with certain customers, business partners or suppliers, potentially adversely affecting our business, results of operations and financial condition.

In addition, on October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement Executive Order 14105 of August 9, 2023 (the "**Final Rule**"), which became effective on January 2, 2025. The Final Rule imposes investment prohibitions and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as

"covered activities." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in "covered foreign persons," which are defined as "covered transactions," and include acquisitions of equity interests and contingent equity interests, certain debt financing, greenfield and brownfield investments, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. While we do not qualify as a "covered foreign person" under the current regulations, as we do not engage in any kinds of the "covered activities," there remains uncertainty regarding potential expansions of regulatory restrictions. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China in certain sectors, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers, including us.

Economic sanctions and export control laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are beyond control or heightened by national security concerns. Such potential restrictions, as well as any associated inquiries or investigations or any other government actions, may be difficult or costly to comply with and may, among other things, delay or impede the development of our solutions and services, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders that we cease or modify our existing business operations, any of which may have a material and adverse effect on our business, results of operations and financial condition.

Confidentiality agreements and non-compete covenants with employees and other third parties may not adequately prevent the disclosure or misuse of our trade secrets and other proprietary information.

We have taken multiple measures to protect our technology and know-how, including entering into confidentiality agreements and non-compete covenants with employees. There is no assurance that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our self-developed technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our trade secrets and proprietary rights, and failure to obtain or maintain trade secret and proprietary information protection could adversely affect our competitive position.

Unauthorized use of our intellectual properties by third parties may harm our brands and reputation, and the expenses incurred in protecting our intellectual property rights may materially and adversely affect our business, results of operations and financial condition.

Competitors may infringe, misappropriate or violate our intellectual property rights. Unauthorized use of our intellectual properties by third parties may harm our brand and reputation and may materially and adversely affect our business, results of operations and financial condition. In addition, to counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. Defendant counterclaims alleging invalidity or unenforceability are commonplace, and can be asserted on numerous grounds. An adverse result in any litigation proceeding could put our intellectual properties, as well as any intellectual properties that may issue in the future from our pending intellectual property applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Third parties may also raise similar claims before administrative bodies in China or abroad, even outside the context of litigation. Such proceedings could result in revocation or amendment to our intellectual properties in such a way that they no longer cover and protect our products. The outcome following legal assertions of invalidity and unenforceability is unpredictable. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Such a loss of intellectual property protection could materially and adversely affect our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims, which may result in diversion of our financial and management resources or adversely affect our business, results of operations and financial condition.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to proceedings and claims relating to intellectual property rights in the future. We cannot assure you that holders of patents and other intellectual properties purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents and other intellectual properties against us in the PRC or any other jurisdictions.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is relatively costly and time consuming and may divert management's time and other resources from our business and operations. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, results of operations and financial condition could be materially and adversely affected.

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

The China National Intellectual Property Administration and various governmental patent agencies in other jurisdictions require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdictions. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business, results of operations and financial condition.

Misconduct, omissions or noncompliance by our employees or business partners could harm our business, results of operations and financial condition.

Misconduct, omissions or noncompliance by our employees could subject us to liability or negative publicity. Although we have implemented strict human resources risk management policies, and we have in place an employee handbook approved by our management and distributed to all our employees that contains broad internal rules and guidelines and covers areas such as best commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, there can be no assurance that our employees will not engage in misconducts or omissions that could materially and adversely affect our business, results of operations and financial condition.

Misconduct by our business partners could subject us to disruption of business, negative publicity or liability. Although we maintain strict standards in choosing our business partners, we cannot assure you our business partners providers will not engage in misconduct, omissions or noncompliance. Any misconduct by our business partners may affect our operations and reputation, which may in turn affect our business, results of operations and financial condition.

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

We may be involved in legal or other proceedings arising out of our operations from time to time, which can expose us to reputational risks and significant liabilities. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material effect on our business, results of operations and financial condition. However, new legal or administrative proceedings and claims may arise in the future and the current legal or administrative proceedings and claims we face are subject to inherent uncertainties. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions and services, our business, results of operations and financial condition could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition. See "Business—Legal Proceedings and Compliance" for more details regarding our legal proceedings and compliance matters.

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

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

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. We monitor environmental and climate-related risks that may impact on our business, results of operations and financial condition and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See "Business—Environmental, Social and Governance" for more details.

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in customers choosing solutions and services from other companies, which may materially and adversely affect our results of operations and financial conditions.

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

As with many other Chinese companies, we also benefit from government subsidies. We recognized government grants of RMB1.5 million, RMB2.9 million, RMB12.7 million, RMB5.4 million and RMB6.3 million in other income in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. However, the timing, amount and conditions of government subsidies are within the sole discretion of the governmental authorities. In addition, there can be no assurance that we could fully satisfy these conditions, and it is possible that such governmental authorities may stop providing subsidies to us, or require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trend in government subsidies resulting from our failure to meet such conditions could adversely affect our business, results of operations and financial condition and prospects.

The provision for corporate income tax in China is based on the statutory rate of 25% of the taxable profits determined in accordance with the EIT Law. Our Company is qualified as a High and New Technology Enterprise and were entitled to a preferential income tax rate of 15% until October 28, 2028. We cannot assure you that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. If any such change, cancellation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiaries will be subject to the EIT Law, at a rate of 25% on taxable income. As a result, the increase in our tax charge could materially and adversely affect our results of operations.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

In accordance with relevant PRC laws and regulations, we are required to make contributions to the social insurance plans and the housing provident fund (collectively, the "**Employee Benefits**") under the relevant PRC laws and regulations for our employees. During the Track Record Period, we did not fully contribute to social insurance for certain of our employees. According to the Social Insurance Law of the PRC, if we fail to make the full contribution of social insurance premiums as required, the local social

insurance agencies may require us to pay the outstanding amount within a prescribed period and may impose a late payment fee equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the prescribed period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. In addition, during the Track Record Period, we engaged a third-party human resource agency to pay social-insurance and housing-provident-fund contributions for some employees. We had ceased such arrangements in June 2026. As of the Latest Practicable Date, we had not received any notice or inquiry from the relevant governmental authorities due to the abovementioned practice of making contributions to the Employee Benefits, and the compliance certificates we obtained do not reflect any penalties with respect to contributions to the Employee Benefits.

Our compliance challenges may be compounded by the evolving PRC labor laws and regulations. According to the Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which was promulgated on July 31, 2025 and became effective since September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People' Court shall deem such agreement or undertaking invalid. Our PRC Legal Advisor is of the view that the New Judicial Interpretation does not repeal or revise the social insurance laws and regulations currently in force in the PRC. However, as the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practice could inadvertently violate labor-related laws and regulations in China, which may subject us to be required by competent authorities to rectify the non-compliance and could be subject to fines or penalties. If we are deemed to have violated relevant labor laws and regulations in the future, we could be required to provide additional compensation to our employees and our business, results of operations and financial condition could be materially and adversely affected.

Risks relating to our leased properties could adversely affect our business and operations.

We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, or due to subleasing consent requirements, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, results of operations and financial condition. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business, results of operations and financial condition.

As of the Latest Practicable Date, we were unable to file the lease agreements for registration with respect to one of our leased properties in China primarily due to the lessor's failure to provide us with necessary documents required for the registration. If the lessor is not the legal owners or has not obtained the proper authorization from the legal owners of such premises, the legal owners of such premises or third-party tenants that have leased from the legal owners will have ground to challenge the validity of our leasehold interest in the affected premises. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

Additionally, if disputes or government actions due to title challenges arise, we may encounter difficulties in continuing to lease such properties and may be required to relocate. If any of our leases are terminated or voided as a result of challenges from third parties or government agencies, we would need to seek alternative premises and incur relocation costs. We cannot assure you that we will be able to relocate such operations to suitable alternative premises, and any such relocation may result in disruption to our business operations and result in loss of earnings. We also cannot assure you that we will be able to effectively mitigate the possible adverse effects that may be caused by such disruption, including loss and costs. Any of such disruption, loss or costs could materially and adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition may be affected by any future occurrence of force majeure events, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, customer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our solutions and services. In addition, force majeure events or natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

RISKS RELATED TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Adverse changes in economic, political and social conditions, could have a material adverse effect on our business and prospects.

A vast majority of our revenue was derived from our businesses in the PRC during the Track Record Period. Accordingly, our results of operations, financial condition and prospects are, to a material extent, subject to economic, political, and legal developments in the PRC. Demand for our solutions and services and our ability to maintain operations are subject to the influence of macroeconomic conditions and policies affecting the AI computing service industry in China. In recent years, the PRC government has implemented policies to support growth in the AI industry, and many AI computing service providers, including us, have benefited from such favorable policies. However, we cannot assure you that such policies will continue to be maintained or that additional favorable policies will be implemented in the future. If there are adverse changes in the macroeconomic environment, our results of operations, financial condition and future prospects may be materially and adversely affected.

China's economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. The economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country in the future. If the business environment changes, our business may also be materially and adversely affected.

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

During the Track Record Period, substantially all of our revenues and expenditures were denominated in Renminbi, while the net **[REDACTED]** from the **[REDACTED]** will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the **[REDACTED]** from the **[REDACTED]**. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries.

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

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Regulation on the remittance of Renminbi into and out of the PRC and currency conversion may affect our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

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

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

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

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》, the "**Negative List**") issued by the NDRC and MOFCOM, which set out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, except for value-added telecommunications business, our main business in China does not fall within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our business, results of operations and financial condition, as well as our reputation. Furthermore, PRC tax laws and regulations may be adjusted from time to time. For example, under the Individual Income Tax Law of the People's Republic of China (the "**IIT Law**") (《中華人民共和國個人所得稅法》), which was amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals who have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rates on their income gained within or outside the PRC. The Standing Committee of NPC has approved the amendment of the IIT Law, which became effective on January 1, 2019. Under the amended IIT law, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected by such tax regulations, which may in turn have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects. The PRC tax laws and regulations may change from time to time in the future and may also have an adverse effect on our business, results of operations and financial condition.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (《財政部、國家税務總局關於個人所得税若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H Shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the PRC tax laws and regulations as well as the interpretation and application of such laws and regulations may change from time to time in the future which may adversely affect the value of your **[REDACTED]** in our H Shares.

You may have limited recourse in effecting service of legal process or enforcing foreign judgments against us or our Directors or executive officers who reside in China.

All of our executive Directors and senior management reside within China, and substantially all of our assets are located within China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgment obtained from foreign countries, **[REDACTED]** may have limited recourse in effect service of process upon us or our executive Directors and senior management inside China or enforcing against us or them in China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision shall comply with applicable procedures.

RISKS RELATED TO THE [REDACTED]

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

Prior to completion of the **[REDACTED]**, there has been no **[REDACTED]** for our Shares. There can be no guarantee that an active **[REDACTED]** market for our Shares will develop or be sustained after completion of the **[REDACTED]**. The **[REDACTED]** is the result of negotiations among our Company and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**), which may not be indicative of the price at which our Shares will be **[REDACTED]** following completion of the **[REDACTED]**. The market price of our Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

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

The **[REDACTED]** price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have **[REDACTED]** their securities in Hong Kong may affect the volatility of the price of, and **[REDACTED]** volumes for, our Shares. A number of PRC-based companies have **[REDACTED]** their securities, and some are in the process of preparing for the **[REDACTED]** of their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their **[REDACTED]**. The **[REDACTED]** performances of the securities of these companies at the time of, or after, their **[REDACTED]** may affect the overall **[REDACTED]** sentiment towards PRC-based companies **[REDACTED]** in Hong Kong, and consequently may impact the **[REDACTED]** performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

You will incur immediate and substantial dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we [REDACTED] additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the **[REDACTED]**, any assets would be distributed to Shareholders after the creditors' claims. To expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we **[REDACTED]** additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

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

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and Use of **[REDACTED]**" for more details of our intended use of **[REDACTED]**. However, our management will have discretion as to the actual application of our **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

We cannot assure you when, if and in what form or size we will pay dividends in the future.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information—Dividend" for more details.

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

This document includes industry data and forecasts extracted from the report prepared by CIC, which was commissioned by us, and from various official governmental publications. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** or any other party involved in the **[REDACTED]**, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the **[REDACTED]** and no representation is given as to its accuracy. Moreover, such facts, forecasts and

other statistics may not be prepared on the same basis or with the same degree of accuracy (as the case may be) in other publications or jurisdictions. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your **[REDACTED]** in our H Shares. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

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

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].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us, our business, our industry and the **[REDACTED]**. There may be additional media coverage regarding us, our business, our industry and the **[REDACTED]** subsequent to the date of this document but prior to the completion of the **[REDACTED]**. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us or any other person involved in the **[REDACTED]** has authorized the disclosure of any such information in the press or media and none of us accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it, and you should not rely on such information.

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The headquarters, senior management and business operations of our Group are primarily based, managed and conducted outside Hong Kong. As our executive Directors and senior management play very important roles in our business operations, we consider that it is in the best interest of our Company for them to be based in the place where our Group has significant operations. As such, our Company does not, and will not for the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) we have appointed Mr. Fang Yan (方顏) ("**Mr. Fang**"), our executive Director, and Ms. Choi Man Yee (蔡敏儀) ("**Ms. Choi**"), our joint company secretaries, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. Our authorized representatives will act as our principal channel of communication with the Stock Exchange. They will be readily contactable by phone, email, and/or facsimile to promptly deal with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorized representatives;

(b) when the Stock Exchange wishes to contact our Directors on any matter, our authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We have provided the Stock Exchange with contact details of all Directors to facilitate communication with the Stock Exchange. Furthermore, to the best of our knowledge and information, all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange; and

(c) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor upon the **[REDACTED]** pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the **[REDACTED]** and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication with the Stock Exchange when our authorized representatives are not available.

WAIVER IN RELATION TO APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary of an issuer must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company was established in the PRC, and we primarily conduct business activities in the PRC. All our Directors and senior management who are familiar with our activities and have extensive experience in board and corporate management matters presently do not possess any of the qualifications under Rule 3.28 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules.

We propose to appoint Mr. Fang, our executive Director, and Ms. Choi as our joint company secretaries. Although Mr. Fang does not possess the qualifications set out in Rule 3.28 of the Listing Rules, we would like to appoint him as a joint company secretary due to his experience in capital markets and corporate governance and regulatory compliance of listed company and his familiarity with our business operations and internal management. For the biographical information of Mr. Fang and Ms. Choi, see "Directors and Senior Management."

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. Fang as our joint company secretary. Pursuant to Chapter 3.10 of the Guide, the waiver will be for a three-year period from the **[REDACTED]** (the "**Waiver Period**") and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience required under Rule 3.28 of the Listing Rules (the "**Qualified Person**") and is appointed as a joint company secretary throughout the Waiver Period, and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by the issuer.

We have appointed Ms. Choi, a Qualified Person, as a joint company secretary to provide assistance to Mr. Fang during the Waiver Period to enable Mr. Fang to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge his duties. Given Ms. Choi's professional qualifications and experience, Ms. Choi will be able to explain to both Mr. Fang and our Company the relevant requirements under the Listing Rules. Ms. Choi will also assist Mr. Fang in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Choi is expected to work closely with Mr. Fang, and will maintain regular contact with Mr. Fang, our Directors and senior management. In addition, Mr. Fang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the Waiver Period. Mr. Fang will also be assisted by (i) the Compliance Advisor, particularly in relation to compliance with the Listing Rules and (ii) the Hong Kong legal advisor of our Company on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations. The waiver will be revoked with immediate effect if Ms. Choi ceases to provide assistance to Mr. Fang during the Waiver Period or there are material breaches of the Listing Rules by our Company. If Ms. Choi ceases to be a joint company secretary before the end of the Waiver Period, our Company will seek another waiver from the Stock Exchange in relation to appointing another Qualified Person as a replacement.

We will liaise with the Stock Exchange before the end of the Waiver Period to enable it to assess whether Mr. Fang, having had the benefit of Ms. Choi's and, if applicable, another Qualified Person's assistance for three years, has acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

[REDACTED]

WAIVERS AND EXEMPTION

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Fang Lei (方磊)	Room 902, Unit 2, Building 1 China Resources Wanxiangfu Haidian District Beijing PRC	Chinese
Mr. Shang Mingdong (尚明棟)	Room 302, Unit 2, Building 1 Qinglinyuan Haidian District Beijing PRC	Chinese
Mr. Fang Yan (方顏)	Room 602, Building 5 No. 1 Courtyard, Jiangfu South Street Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Dr. Jiao Yueguang (焦悦光)	Room 201, Unit 3, Building 15 Shangdi Dongli Area 2 Haidian District Beijing PRC	Chinese
Mr. Huang Yiming (黃一鳴)	Room 1502, Building 16–3 Tangjin Jiayuan, Dongxiaokou Town Changping District Beijing PRC	Chinese
Mr. Jiang Chihua (蔣馳華)	Room 1301, Unit 1, Building 8 Huaqing Jiayuan Haidian District Beijing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent Non-executive Directors		
Dr. Zhang Changshui (張長水)	Room 301, Unit 4, Building 12 Heqingyuan, Tsinghua Garden Haidian District Beijing PRC	Chinese
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The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from **[REDACTED]** *research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Industry Consultancy Limited ("**CIC**"). We engaged CIC to prepare an independent industry report in connection with the* **[REDACTED]** *(the "**CIC Report**"). The information from official government sources has not been independently verified by us, the Sole Sponsor, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]** *and the* **[REDACTED]**, *any of their respective directors, supervisors, and advisors, or any other parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S AI INFRASTRUCTURE MARKET

Foundation model technology has emerged as the core paradigm for contemporary AI application development. The massive parameter scales, ranging from hundreds of billions to trillions, extensive training datasets, complex distributed training processes and high-concurrency inference requirements that characterize foundation models have collectively given rise to an exponential and sustained increase in demand for computing power. Computing power has evolved from a traditional IT resource into a foundational and strategic factor of production underpinning the development of the digital economy.

AI infrastructure refers to the full-stack hardware and software ecosystem that supports the development, training, deployment, operation and management of artificial intelligence workloads. By integrating computing power, data storage, networking and related resources, AI infrastructure enables AI applications to operate at scale with elasticity and portability across cloud, edge and endpoint environments.

The AI infrastructure ecosystem encompasses upstream hardware and software to support downstream AI applications. As the ecosystem evolves, AI infrastructure has developed into multiple layers, each serving a distinct function across the AI workload lifecycle. Networking layers enable high-speed, low-latency and reliable connectivity among AI computing resources, supported by high-performance network architecture design, high-speed interconnect technologies and network deployment capabilities. AI computing resource layers provide and manage computational capacity for AI workloads through AI computing infrastructure, resource pooling and workload scheduling. Optimization layers improve AI workload efficiency through software and algorithmic optimization, including computing architecture optimization, model computation optimization and token efficiency optimization. Output layers deliver AI model training and inference capabilities through distributed training, training frameworks, model serving and inference engines.

Market participants typically leverage their respective technological strengths to focus on different layers and monetize through the corresponding infrastructure services. Among these layers, computing resources form the core layer of the AI infrastructure stack. Built upon the underlying network layer, computing resources provide the fundamental computational capacity that powers AI workloads, and in turn support the optimization and output layers in delivering their respective capabilities. Delivering AI computing resources at scale therefore requires a broad set of capabilities spanning AI computing infrastructure, resource management, workload scheduling and performance optimization, as well as the flexible allocation and delivery of computing capacity to diverse AI workloads.

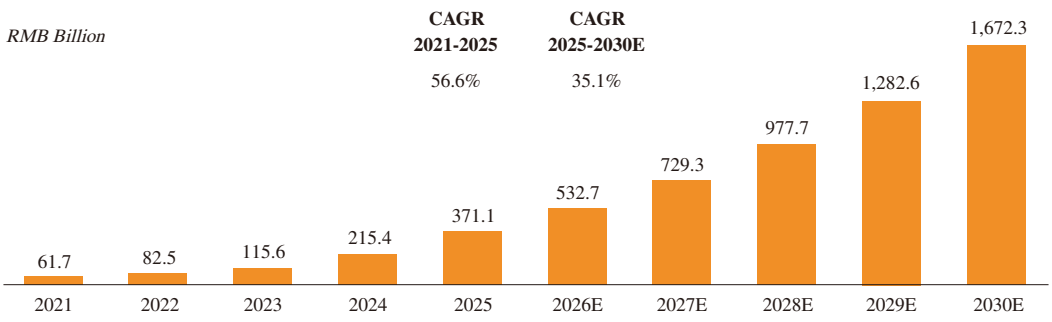
AI Infrastructure Capability Layers

Layers	Function	Key Technology Capabilities
Output	• Supports model training and inference workloads and transforms underlying computing power into callable model services	• Distributed training task orchestration and framework adaptation, multi-inference engine integration, model service deployment and lifecycle management
Optimization	• Improves computing resource utilization and training and inference efficiency, optimizes response latency, and reduces per-task cost	• Model parallelism and execution parameter tuning, Inference request scheduling and continuous batching, Distributed KV cache tiering storage and reuse
AI Computing Resources	• Pools, provisions on demand, and centrally schedules and manages the computing and associated storage resources required by AI workloads	• Heterogeneous computing resource onboarding and management, containerized and virtual cluster orchestration, multi-tenant quotas, job queuing and resource allocation
Networking	• Provides high-bandwidth, low-latency communication support for distributed training, inference and data access	• High-performance network architecture design and deployment, RDMA communication integration and tuning, network virtualization and operation monitoring

Source: CIC

According to CIC, the market size of China's AI infrastructure market, in terms of revenue, exceeded RMB371.1 billion in 2025 and is expected to surpass RMB1,672.3 billion by 2030, representing a CAGR of approximately 35.1% from 2025 to 2030.

China's AI infrastructure market size, in term enterprise expenditures, 2021-2030E



Note: China's AI infrastructure market is segmented by end-customer expenditure and deployment form, including on-premise deployment expenditure and expenditure by end users on AI computing power, storage and related infrastructure resources obtained on demand through cloud computing models.

Source: CIC Report

Drivers and Trends of China's AI Infrastructure Market

Accelerating industry-wide intelligent transformation unleashing structural demand for AI computing. AI is rapidly penetrating sectors including manufacturing, energy, financial services, healthcare and scientific research, generating sustained demand for high-performance, cost-efficient and continuously available computing capabilities. This deepening adoption across diverse industries is creating structural growth momentum for AI infrastructure.

Continuous evolution and maturation of the AI infrastructure ecosystem enhancing computing efficiency and service capabilities. As AI workloads become increasingly complex and diverse, greater integration across AI infrastructure layers is expected to enable more flexible resource allocation and service delivery. Providers with capabilities spanning multiple layers may be better positioned to support diverse AI workloads while enhancing computing efficiency, scalability and service quality.

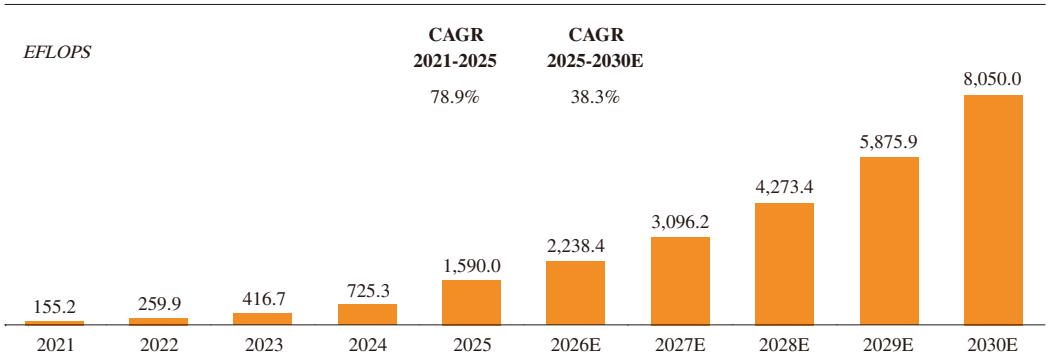
A robust policy framework accelerating the deployment of AI infrastructure. National-level initiatives such as the "Xin Chuang" ("信創") domestic technology substitution program and the "Eastern Data, Western Computing" ("東數西算") project, the National Integrated Computing Power Network ("全國一體化算力網"), and computing-power-electricity synergy initiatives ("算電協同") continue to promote the coordinated allocation of computing resources and industrial collaboration, fostering the development of an autonomous, controllable and accessible AI infrastructure ecosystem.

OVERVIEW OF CHINA'S AI COMPUTING SERVICES MARKET

Surging Demand for Professional AI Computing Services

AI data centers ("**AIDCs**") have become a prerequisite for the evolution and commercialization of AI. The underlying logic of AIDC development has shifted from the data center-era approach of expanding IT resource capacity to a model centered on systematic reconstruction purpose-built for AI workloads. According to CIC, China's total AI computing power reached 1,590 EFLOPS (based on FP16 precision) in 2025 and is expected to reach 8,050 EFLOPS by 2030, representing a CAGR of approximately 38.3% from 2025 to 2030. Faced with the immense scale and complexity of AIDC construction and operations, traditional IT service models and enterprise self-build approaches encounter significant challenges, including high technical barriers, substantial capital investment and complex ongoing maintenance requirements. The market therefore requires specialized AI computing service providers capable of delivering integrated, full-lifecycle services spanning planning, operations and development.

China's AI computing power, based on FP16 compute performance, 2021-2030E



Source: CIC Report

Definition of AI Computing Services

AI computing services refer to infrastructure services primarily built around AI accelerated computing servers, and encompass two principal categories:

- *AI Computing Infrastructure Solutions* refer to the professional and management services provided by service providers in assisting customers with the construction of AIDCs. These services cover the full lifecycle of AIDC development, including consulting and planning, hardware procurement, system integration, software development, deployment and commissioning, and ongoing operations and maintenance. Such services are typically delivered on a project-basis, with the ownership of the underlying physical infrastructure generally retained by the customer.

- *AI Computing Cloud Services* refer to cloud services primarily focused on infrastructure layer, providing customers with standardized, pooled AI computing resources centered on AI accelerated computing servers together with associated networking, storage, operations and maintenance support.

Value Chain of China's AI Computing Services Market

The development of the AI computing services market is underpinned by deep coordination across the industry value chain. Upstream participants primarily include key component suppliers and system integrators for integrated hardware products, such as servers, storage systems, and others. Downstream

participants encompass diverse computing demand scenarios spanning the internet, foundation models, scientific research and education, intelligent manufacturing and autonomous driving sectors, embodied intelligence, among others. With the scaled commercialization of AI applications and the rapid rise of the token economy, inference computing consumption represented by "token factories" is becoming an important growth driver for downstream demand. Within this collaborative ecosystem, midstream professional AI computing service providers play an increasingly critical role. By aggregating heterogeneous upstream computing resources and optimizing their deployment for differentiated downstream application scenarios, these service providers transform raw hardware capabilities into standardized, efficiently schedulable computing services. This model effectively addresses the technical mismatch between underlying infrastructure and upper-layer applications, significantly lowers the barriers to computing power acquisition and deployment, enhances resource utilization across the value chain, and provides essential infrastructure support for AI industrialization and digital transformation.

Types of AI Computing Service Providers

Based on differences in scale and business model, participants in the AI computing services industry can be broadly classified into two categories: hyperscale AI computing service providers ("**hyperscalers**") and neo AI computing service providers ("**neoclouds**").

Hyperscalers operate hyperscale data center and internet infrastructure. Their AI computing services form a core component of their broader technology and commercial ecosystems and are typically deeply optimized and integrated with their proprietary upper-layer AI applications, while their business coverage spans software-as-a-service ("**SaaS**"), platform-as-a-service ("**PaaS**") and model-as-a-service ("**MaaS**") layers.

Neoclouds are specialized AI computing infrastructure service providers focused on delivering high-performance, highly available and flexible computing resources and related services across the full stack from hardware to software platforms. Depending on customer needs, neoclouds deliver these capabilities through AI Computing Infrastructure Solutions, AI Computing Cloud Services, or both, supporting customers across the lifecycle of AI computing capacity from AIDC planning and construction to resource operation and scheduling. Neoclouds typically do not compete with their customers at the AI application layer. Their core value proposition resides in business neutrality and technical specialization.

The key value propositions delivered by neoclouds are set out below:

- By supporting customizable computing resource configurations and rapid access to the latest hardware, neoclouds build flexible and open heterogeneous computing architectures that effectively address the performance and scalability demands of foundation model training and high-concurrency inference workloads.

- Leveraging scale-based deployment and platform-driven operational capabilities, neoclouds deliver accessible computing power to the broader market, significantly reducing enterprise costs associated with computing procurement, operations and technical adaptation, and accelerating the commercialization of AI applications.

- Through highly optimized AI accelerated computing resources scheduling and elastic pricing mechanisms, neoclouds continuously improve resource utilization, driving the transformation of computing supply from a capital-intensive asset model toward an efficiency-oriented, service-based delivery model.

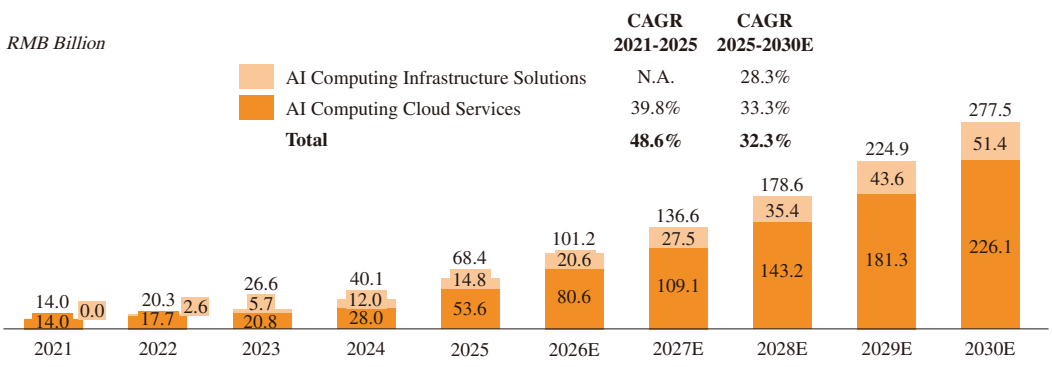
- By building cloud-native AI platforms that span the full model lifecycle encompassing development, training, deployment and operations, neoclouds accelerate the path from development to deployment for their customers.

- By combining AIDC planning, system integration and operational capabilities with proprietary computing operating systems, neoclouds help AIDC owners, including local governments and state-owned enterprises, convert physical facilities into production-grade AI computing capacity. Neoclouds may also integrate a portion of such capacity into their own AI computing cloud services through long-term arrangements, linking infrastructure construction with the subsequent operation of computing power.

Market Size of China's AI Computing Services Market

According to CIC, the market size of China's AI computing services market, in terms of revenue, reached approximately RMB68.4 billion in 2025 and is expected to exceed RMB277.5 billion by 2030, representing a CAGR of 32.3% from 2025 to 2030. Within the broader market, the AI Computing Infrastructure Solutions segment accounted for approximately RMB14.8 billion in 2025, while AI Computing Cloud Services accounted for more than RMB53.6 billion in 2025.

China's AI Computing Services Market Size, In Terms of Revenue, 2021-2030E



Note: AI computing infrastructure solutions market emerged in 2022.

Source: CIC Report

By provider type, neoclouds accounted for 15.7% of China's AI computing services market in 2025, and their share is expected to increase steadily to 27.3% by 2030. Leveraging the advantages of business neutrality and technical specialization, neoclouds provide downstream customers with accessible and professional computing resources and services. Their market share growth has been particularly pronounced in AI Computing Cloud Services, where their share is expected to increase rapidly from approximately 8% in 2025 to approximately 23% by 2030. Globally, the AI computing services market is likewise undergoing a structural transformation, with neoclouds rapidly emerging and reshaping the competitive landscape. Positioned with business-neutral orientations, independent computing platforms and flexible customer ecosystems, these providers achieve faster deployment, more elastic contractual arrangements and superior cost structures, effectively absorbing spillover computing demand from traditional hyperscalers. According to OpenRouter's March 2026 ranking of global monthly token calls, four of the top five models were developed by Chinese developers, demonstrating that the rise of China's foundation model technology ecosystem has been validated by the global market. Chinese AI computing service providers, drawing on their advantages in technology development, cost management, engineering-grade delivery and the AI ecosystem, are well-positioned to assume a more central role in the global AI computing services market, progressing from regional service provision toward a global deployment strategy.

Drivers and Trends of China's AI Computing Services Market

Sustained increases in AI infrastructure investment, reinforced by national and local computing industry policies. As AI technologies accelerate their penetration across industries, AI infrastructure is entering a new wave of concentrated construction. At the national level, top-down strategic initiatives such as the "AI Plus" action plan continue to be strengthened, while numerous local governments have introduced dedicated support policies to channel private capital into AIDC investment, encourage the development of standardized and scalable AI computing cloud services, and propel the AI computing services market into an accelerating maturity cycle. Meanwhile, several government initiatives have been introduced to strengthen the supply of accessible computing resources, thereby facilitating broader access to AI computing resources and driving demand for AI computing services.

Sustained release of service demand as the increasingly complex AI infrastructure system engineering moves toward specialization, scale and productization. As the scale of foundation model training continues to expand and AI application scenarios grow more sophisticated, the underlying computing system has evolved from a simple hardware procurement exercise into a comprehensive

engineering discipline encompassing computing architecture design, resource scheduling and continuous operations and maintenance. Enterprises face significant challenges in self-building AI computing infrastructure in terms of capital investment, technical complexity and operational efficiency, driving a progressive shift in computing acquisition from in-house construction toward external professional services. The construction and operations of AI computing infrastructure are accelerating toward specialized, scaled and standardized product-form delivery, establishing AI computing services as a critical enabling segment within the AI industry value chain.

Continuous iteration of core hardware and foundational technologies driving upgrades in AI computing infrastructure. AI accelerated computing servers continue to achieve breakthroughs in both per-chip computing performance and cluster-level coordination, providing the hardware foundation for larger-scale model training and high-concurrency inference. Concurrently, liquid cooling systems, high-speed interconnect networks and next-generation data center architectures are becoming increasingly prevalent, effectively mitigating the energy consumption and stability challenges associated with high-power computing deployments and significantly improving the operational efficiency and reliability of AI computing clusters. Meanwhile, China has continued to advance the development of domestic AI accelerated computing servers and computing infrastructure. According to CIC, the increasing adoption has expanded the supply of AI computing resources for AIDC. The ongoing advancement of the underlying technology stack continues to drive AI computing infrastructure into successive upgrade cycles, providing robust support for the expansion of the AI computing services market and the enhancement of its service capabilities.

OVERVIEW OF CHINA'S AI COMPUTING CLOUD SERVICES MARKET

The explosive growth of generative AI has shifted the center of gravity in cloud computing from general-purpose computing toward AI computing cloud services built around AI accelerated computing resources. AI Computing Cloud Services are purpose-built to support high-intensity AI workloads such as foundation model training and inference, and have emerged as the fastest-growing segment within the broader cloud market.

Billing Models for AI Computing Cloud Services

To accommodate the dynamic and elastic nature of AI Computing Cloud Services workloads, billing models are evolving from supply-side pricing based on computing power card-hour leasing or physical resource reservation toward more granular, consumption-based metering, such as pricing per data computing unit ("**DCU**"). This "compute-as-consumption" demand-side pricing model more equitably reflects customer value, significantly reduces total cost of ownership ("**TCO**") and serves as a critical enabler for accessible computing and the flourishing of the developer ecosystem. The prevailing billing models for AI Computing Cloud Services are set out below:

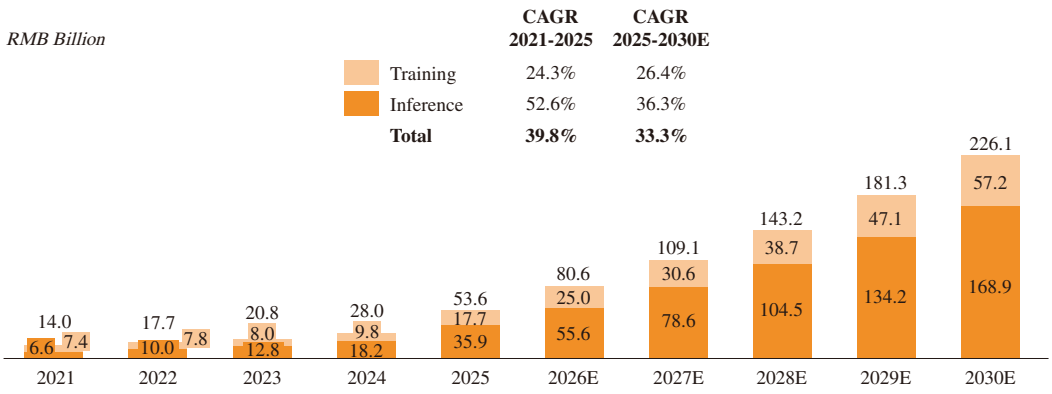
Billing Model	Definition	Typical Pricing Approach
Time-based billing	Purchase of a defined specification of computing resources for a set duration	Hourly/daily billing at higher unit prices, typically post-paid with on-demand release; or monthly/annual billing, typically prepaid with reserved capacity
Usage-based billing	Purchase of the actual computation performed	Per-DCU billing, which standardizes computing power across heterogeneous hardware into a unified unit; charges accrue while tasks are running and cease upon task completion Per-token billing, which is determined by the volume of input and output tokens processed by the model.

Market Size of China's AI Computing Cloud Services Market

Propelled by the surge in generative AI and foundation model development, the rapid escalation of training and inference demand has positioned AI computing cloud services as a new growth engine for the broader cloud services market. According to CIC, the market size of China's AI computing cloud services market, in terms of revenue, exceeded RMB53.6 billion in 2025 and is expected to surpass RMB226.1 billion by 2030, representing a CAGR of approximately 33.3% from 2025 to 2030. Within the AI computing cloud services market, training supports the process of learning parameters from massive datasets and constructing models, while inference serves the deployment of trained models for content generation and task execution.

According to CIC, the market size of AI computing cloud services for training purposes reached approximately RMB17.7 billion in 2025 and is expected to exceed approximately RMB57.2 billion by 2030, representing a CAGR of 26.4% over the period. The growth of the training market is primarily driven by the increasing complexity and scale of model training in generative AI scenarios. The AI computing cloud services market for inference reached approximately RMB35.9 billion in 2025 and is expected to increase to approximately RMB168.9 billion by 2030, representing a CAGR of 36.3% over the same period. The growth is driven by rising high-concurrency inference demand and token-based computation in generative scenarios.

China's AI Computing Cloud Services Market Size, Breakdown by Application Scenario, by Revenue, 2023-2030E



Source: CIC Report

Drivers and Trends of China's AI Computing Cloud Services Market

The dual-engine effect of training and inference continues to strengthen, driving an exponential increase in foundation model computing demand. With technological capabilities advancing beyond the average level of human domain experts, foundation models have become increasingly powerful, accessible and easy to use, unlocking broader commercial adoption. Model pre-training, industry-specific fine-tuning and iterative optimization are generating sustained, high-intensity demand for computing resources. Concurrently, the scaled deployment of generative AI across diverse business scenarios is significantly elevating the consumption of high-concurrency, low-latency inference computing. The combination of large-scale, concentrated computing investment on the training side and sustained computing consumption on the inference side constitutes the core source of demand growth for AI computing cloud services, transforming computing usage from periodic, project-based expenditure into a long-term, stable and foundational resource requirement. Taking LLM tokens as an example, according to CIC, China's LLM token calls reached approximately 8,500 trillion in 2025, representing nearly 30-fold growth compared with 2024, and are expected to reach 10,000 quadrillion by 2030 and account for approximately 50% of total global usage, propelling the AI computing cloud market into a sustained expansion trajectory.

Accelerating release of reinforcement learning computing demand, with reinforcement learning cloud emerging as a new growth vector for AI computing cloud services. As generative AI progresses from static model training toward agent-based systems capable of autonomous decision-making and interaction, the application of reinforcement learning is deepening rapidly across scenarios such as robotic control, autonomous driving simulation, intelligent scheduling and complex system optimization. Compared with traditional supervised learning, reinforcement learning typically relies on large-scale parallel simulation environments, long-cycle, high-frequency iterative training and intensive computing resource scheduling, imposing higher requirements on underlying computing scale, cluster stability and resource orchestration capabilities, and significantly increasing the sustained consumption of cloud-based computing resources. The continued growth of reinforcement learning cloud demand is emerging as an important incremental source of computing growth following foundation model training and inference, further broadening the application boundaries and market potential of AI computing cloud services.

Expansion of the foundation model developer community, driving AI computing cloud services from concentrated procurement by leading players toward accessible supply. As the open-source model ecosystem matures, AI development tool barriers decline and industry application demand rises, the base of foundation model development participants has broadened progressively from a small number of leading technology enterprises to encompass startups, industry enterprises and research institutions. As a key link connecting computing power production, model calls and intelligent applications, tokens are driving AI business models toward convergence around the "token economy." The scaled operation of token factories continues to release massive computing demand and has become an important driver of market expansion for AI computing services. The structure of computing demand has shifted from concentrated, large-scale procurement toward decentralized, high-frequency and elastic usage patterns, driving the evolution of AI computing cloud services from customized delivery for leading customers toward standardized, scaled and accessible service models and driving billing models to evolve from the resource side toward the consumption side. Against this backdrop, accessible computing service providers with resource integration capabilities, operational efficiency at scale and flexible service models are continuously unlocking incremental market opportunities, serving as key participants in absorbing expanding industry demand.

Policy support accelerating the development of accessible and scalable AI computing cloud services. The China's government has introduced several initiatives, including the "Artificial Intelligence Entrepreneurship Support Plan (2026–2028)" (《人工智能中小企業創業支持計劃(2026–2028年)》), the "Accessible Computing Empowerment Action for Small and Medium-sized Enterprises" (《普惠算力賦能中小企業發展專項行動》), and the "Action Plan for Artificial Intelligence Cooperation and Development"(《人工智能合作發展行動計劃》), to strengthen accessible computing resource supply and facilitate broader and easier access to AI computing cloud services across industries,while promoting overseas expansion of domestic providers. Such initiatives encourage the development of pooled, elastic and on-demand computing resource supply models, driving the evolution of AI computing cloud services toward more standardized, flexible and scalable.

OVERVIEW OF CHINA'S AI COMPUTING INFRASTRUCTURE SOLUTIONS MARKET

As the scale of foundation model training continues to expand and inference concurrency demands grow rapidly, AI accelerated computing cluster deployment density and operational intensity within AIDCs have increased significantly, imposing requirements on power distribution capacity, cooling efficiency and system stability that substantially exceed those of traditional data centers. At the same time, AIDC construction has evolved from a single hardware deployment model into a system-level engineering discipline centered on the coordinated optimization of computing architecture, storage systems and system software. The unified management, heterogeneous coordination and efficient scheduling of computing resources are highly dependent on the capabilities of the underlying operating system, creating a core value proposition for specialized AI computing infrastructure solutions services.

AI Computing infrastructure solutions refer to systematic technical implementation and management services covering the full lifecycle of AIDC planning, construction and operations, provided by specialized service providers to their customers. These services encompass facility planning and renovation, computing cluster deployment, network and storage architecture construction, system software configuration and ongoing operations and maintenance support. Service providers design computing architectures on an integrated basis and leverage operating systems to achieve unified management and scheduling of computing resources, ensuring the stable operation of AIDCs under high-load conditions.

As system complexity within AIDCs continues to increase and the importance of computing operating systems rises, the AI computing infrastructure solutions market in China has maintained a rapid expansion. According to CIC, the market size of China's AI computing infrastructure solutions market, in terms of revenue, reached approximately RMB14.8 billion in 2025 and is expected to exceed RMB51.4 billion by 2030, representing a CAGR of approximately 28.3% from 2025 to 2030.

Drivers and Trends of China's AI Computing Infrastructure Solutions Market

Rising system complexity driving sustained demand growth for solutions services. Compared with traditional data centers, AIDCs exhibit significantly higher computing density, power consumption levels and engineering implementation complexity. The concentrated operation of high-power node clusters imposes elevated technical requirements on computing architectures, while the coordinated deployment of multiple types of computing resources further increases the difficulty of system architecture design and implementation. These dynamics are driving a shift in AIDC construction from a hardware procurement-oriented approach toward a systematic delivery model dependent on professional technical solutions services.

Operating systems emerging as the core technical foundation of AIDCs. As workloads such as foundation model training, inference and reinforcement learning grow increasingly complex, operating systems have progressively evolved into a critical technology hub for unified management of heterogeneous computing resources, intelligent scheduling capabilities and high-parallel computing support. The maturity of operating systems in terms of computing scheduling efficiency, chip compatibility and software ecosystem interoperability directly impacts AIDC operational efficiency and scalability. Operating systems have become a core value component within the AI computing infrastructure solutions ecosystem, gradually transitioning from ancillary software to an essential vehicle for system capability delivery.

Policy support and power resource advantages driving AI computing infrastructure development. Against the backdrop of ongoing national computing infrastructure initiatives, localities across China are accelerating the deployment of AIDC projects, with both the scale of individual projects and the overall number of projects increasing steadily. The concurrent growth in demand for professional system planning, integration and implementation as well as long-term operations and maintenance provides sustained demand support for the AI computing infrastructure solutions market. Meanwhile, in China, abundant renewable energy resources and ongoing policy support for power infrastructure upgrades are strengthening power supply reliability and enhancing green electricity availability. As AI computing infrastructure requires stable and sufficient power supply, data centers are increasingly focusing on power security, energy efficiency and long-term cost visibility.

COMPETITIVE LANDSCAPE OF CHINA'S AI COMPUTING SERVICES MARKET

Market Ranking

China's AI computing services market is in a stage of rapid development, characterized by diverse participants and a dynamic competitive landscape. The market is primarily composed of two categories of participants, hyperscalers and neoclouds, which together drive the rapid expansion and increasing specialization of the market. According to CIC, the top ten AI computing service providers in China collectively accounted for 80.1% of the market by revenue from AI computing services in 2025. By revenue from AI computing services in China in 2025, the Company ranked among the top ten AI computing service providers in China and was the only Neocloud therein. The table below sets forth the top ten AI computing service providers in China by revenue from AI computing services in 2025:

Rank	Company	Revenue from All AI Computing Services in China in 2025 (RMB Billion)	*Market Share*[(1)] *(%)*
1	Company A[(2)]	15.2	*22.1%*
2	Company B[(3)]	10.4	*15.2%*
3	Company C[(4)]	7.2	*10.5%*
4	Company D[(5)]	6.8	*9.8%*
5	Company E[(6)]	5.8	*8.5%*
6	Company F[(7)]	3.8	*5.6%*
7	Company G[(8)]	3.8	*5.5%*
8	Company H[(9)]	1.6	*2.3%*
9	**The Company**	**1.1**	***1.6%***
10	Company I[(10)]	1.0	*1.5%*

Source: Company annual reports, CIC Report

Notes:

(1) Market share is calculated based on the total AI computing services market.

(2) Company A was founded in 2009 and is headquartered in Hangzhou. It focuses on providing cloud computing products and services through a diversified business ecosystem. It is a subsidiary of a company listed on the New York Stock Exchange and the Hong Kong Stock Exchange.

(3) Company B was founded in 2011 and is headquartered in Shenzhen. It focuses on providing full-stack AI computing services and cloud computing solutions. It is a subsidiary of a private enterprise.

(4) Company C was founded in 2012 and is headquartered in Beijing. It focuses on providing government and industry cloud solutions. It is a subsidiary of a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(5) Company D was founded in 2019 and is headquartered in Beijing. It focuses on providing cloud AI computing services and integrated computing power solutions. It is a subsidiary of a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(6) Company E was founded in 2015 and is headquartered in Beijing. It focuses on providing AI computing cloud services and AI computing power platforms. It is a subsidiary of a private enterprise.

(7) Company F was founded in 2015 and is headquartered in Beijing. It focuses on providing AI computing cloud services and autonomous driving services. It is a subsidiary of a company listed on the Nasdaq Stock Market and the Hong Kong Stock Exchange.

(8) Company G was founded in 2010 and is headquartered in Shenzhen. It focuses on providing AI computing cloud services and industrial internet computing power solutions. It is a subsidiary of a company listed on the Hong Kong Stock Exchange.

(9) Company H was founded in 2015 and is headquartered in Beijing. It focuses on AI computing cloud services, integrated computing-network services and hybrid cloud services. It is a subsidiary of a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(10) Company I was founded in 2014 and is headquartered in Beijing. It focuses on providing AI computing cloud services and AI infrastructure, including AI computing cloud services and foundation model training and inference platforms. It is a subsidiary of a company listed on the Hong Kong Stock Exchange.

By revenue from AI computing services, the Company was the largest neo AI computing service provider in China in 2025. The table below sets forth the top five neoclouds computing service providers in China by revenue from AI computing services in 2025:

Rank	Company	Revenue from AI Computing Services in China in 2025 (RMB Billion)	*Market Share,*[1] *%*
1	**The Company**	**1.1**	***1.6%***
2	Company J[2]	0.6	*0.9%*
3	Company K[3]	0.3	*0.4%*
4	Company L[4]	0.2	*0.3%*
5	Company M[5]	0.2	*0.2%*

Source: Company annual reports, CIC Report

Notes:

(1) Market share is calculated based on the total AI computing services market.

(2) Company J was founded in 2007 and is headquartered in Beijing. It focuses on providing high-performance AI computing cloud services and supercomputing cloud solutions, including AI computing cloud services, high-performance computing resource scheduling and scientific research computing support. It is a company listed on the Beijing Stock Exchange.

(3) Company K was founded in 2005 and is headquartered in Shenzhen. It focuses on providing IoT AI computing services and edge computing solutions, including AI computing cloud services, intelligent endpoint computing support and data storage. It is a company listed on the Shenzhen Stock Exchange.

(4) Company L was founded in 2005 and is headquartered in Beijing. It focuses on providing enterprise computing services, including AI computing services. It is a company listed on the Shenzhen Stock Exchange.

(5) Company M was founded in 2012 and is headquartered in Shanghai. It focuses on providing neutral cloud computing and AI computing services, AI computing cloud services and cloud-native infrastructure solutions. It is a company listed on the STAR Market of the Shanghai Stock Exchange.

Entry Barriers

System-level adaptation and optimization capabilities for next-generation AI workloads. Next-generation AI workloads, including foundation model training, inference and reinforcement learning, impose elevated requirements on computing scale, parallel processing efficiency and system stability. Computing demand is characterized by high concurrency, high load intensity and heterogeneous coordination, creating continuous upgrade pressure on the underlying computing architecture and resource scheduling framework. Building system-level adaptation capabilities around AI accelerated computing clusters and diverse accelerator resources and continuously optimizing computing architecture, network interconnection and scheduling mechanisms represent the critical foundation for ensuring the stable operation of complex AI workloads and efficiently unlocking computing performance.

Robust full-stack technology R&D capabilities. The technology requirements for AI computing services have evolved from simple resource delivery to a full-stack technology discipline spanning underlying hardware resource scheduling, computing resource management and model training and development. By achieving efficient computing resource onboarding, elastic scheduling and cross-cloud integration, providers can enhance system operational efficiency and service stability while building a core technology moat through continuous technological iteration.

Flexible service models oriented toward accessible computing demand. As the base of AI application participants continues to expand, computing demand is shifting from concentrated, large-scale procurement toward decentralized, elastic and high-frequency usage patterns. Through on-demand billing, standardized computing services and integrated construction-and-operations solutions that enable flexible delivery, providers can effectively lower the computing access threshold for diverse enterprises and precisely match the computing consumption characteristics of different development stages.

Establishment of neutral computing services. Neoclouds that maintain business neutrality with respect to their customers' upper-layer AI applications and that develop reliable capabilities in areas such as data security can effectively alleviate customer concerns in competitive contexts and build deep mutual trust. Such positioning supports the continued expansion of customer coverage and drives the scaled development of computing services.

Efficiency improvement and cost control capabilities centered on system optimization. Through hardware-software co-optimization, intelligent operations and maintenance systems, supply chain integration and scaled procurement, providers can continuously reduce per-unit computing costs and improve resource utilization, thereby enhancing market competitiveness.

Ecosystem collaboration and industry resource integration capabilities. The AI computing services ecosystem involves multi-dimensional coordination across hardware, system software, application development and AI computing infrastructure construction. By establishing deep strategic partnerships with upstream and downstream industry participants, government entities, enterprise customers, academic institutions and the broader developer community, and by generating synergies across technology adaptation, project implementation and application deployment, providers can build a long-term, stable foundation for sustained development.

SOURCE OF INFORMATION

CIC was commissioned to conduct research and analysis of, and produce a report on, the global and China's AI infrastructure and AI computing services industry at a fee of RMB950,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence, and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as TMT, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare, and transportation, CIC possesses the most relevant and insightful market intelligence in these sectors. CIC undertook both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, including annual reports published by relevant industry participants, industry associations, CIC's own internal database, etc.

The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period, (ii) key industry drivers are likely to continue to drive market growth during the forecast period, and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report.

The Directors have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, confirm that to the best of their knowledge and belief, there are no material omissions of the information. After making reasonable inquiries, our Directors confirm that, to the best of their knowledge, there has been no detrimental change in the market information demonstrated in the CIC Report since the date of the report that may qualify, contradict or have an impact on the information in this document.

THE PRC LAWS, REGULATIONS AND POLICIES

This section summarizes the major PRC laws, regulations and policies relevant to our Company's daily business operations currently carried out in the PRC.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations require telecommunications services providers to obtain an operating license prior to the commencement of their operations. The Telecommunications Regulations categorize telecommunications services into basic telecommunications services and value-added telecommunications services. If an entity operates the telecommunications services without a license, or beyond the permitted scope, its illegal gains shall be confiscated, and a fine shall be imposed not less than 3 times but not more than 5 times the illegal gains. If there are no illegal gains or the illegal gains are less than 50,000 yuan, a fine of not less than 100,000 yuan but not more than 1,000,000 yuan shall be imposed. In addition, if the non-compliance circumstances are serious, the entity shall be ordered to suspend business for rectification. According to the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, which was promulgated by the Ministry of Information Industry (the "**MII**", now known as the Ministry of Industry and Information Technology, or the "**MIIT**") on February 21, 2003 and amended by the MIIT on December 28, 2015 and June 6, 2019, the Internet information services and the online data processing and transaction processing services fall within the value-added telecommunications services. The Administrative Measures on Telecommunications Business Operating Licenses (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009 and amended on July 3, 2017, sets forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

In December 2001, in order to comply with China's commitments with respect to its entry into the WTO, the State Council promulgated the Regulation for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was last revised in March 2022 and took effect on May 1, 2022 (the "**2022 FITE Regulations**"). The 2022 FITE Regulations removed the qualification requirement on the primary foreign investor in a foreign invested value-added telecommunications enterprise for having a good track record and operational experience in the value-added telecommunications industry as stipulated in the previous version. Pursuant to the 2022 FITE Regulations, foreign investors may hold an aggregate of no more than 50% of the total equity in any value-added telecommunications business in China. In July 2006, the MII released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "**MII Notice**"), pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the Internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》, the "**Internet Measures**") which were promulgated by the State Council on September 25, 2000 and latest amended on December 6, 2024, set out the guidelines on the provisions of Internet information services. The Internet Measures classified Internet information services into commercial Internet information services and non-commercial Internet information services, and a commercial Internet information services provider must obtain a value-added telecommunications business operation license (《增值電信業務經營許可證》, the "**ICP License**") from the appropriate telecommunications authorities. The content of the Internet information is highly regulated in the PRC and pursuant to the Internet Measures, the Internet information services operators are required to monitor their websites. The PRC government may order the holder of ICP License that violates the content restrictions to correct those violations or revoke their ICP Licenses.

Pursuant to the Mainland and Hong Kong Closer Economic Partnership Arrangement (內地與香港關於建立更緊密經貿關係的安排) and Mainland and Macao Closer Economic Partnership Arrangement (內地與澳門關於建立更緊密經貿關係的安排), as well as subsequent amendments from time to time, the Mainland has committed to open the aforesaid services to service providers from Hong Kong and Macao Special Administrative Regions subject to certain restrictions. According to the notice of the MIIT on the pilot program for expanding the opening up of value-added telecommunications services (工業和信息化部關於開展增值電信業務擴大對外開放試點工作的通告) issued on April 8, 2024, in certain districts of Beijing, Shanghai, Hainan and Shenzhen, the restrictions on the foreign equity ratios for IDC Service are removed.

REGULATIONS RELATING TO COMPUTER SOFTWARE

In accordance with the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, with the latest revision effective on March 1, 2013, Chinese citizen, legal person or other organization is entitled to all rights under the copyright in the software he/it has developed, including the right of publication, right of acknowledgement, right of alteration, right of reproduction, right of distribution, right of leasing, right of dissemination, right of translation and other rights that software copyright owners shall have, regardless of whether such software has been published.

In accordance with the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992 and latest amended on February 20, 2002, with the latest revision effective on the same date, software copyrights, exclusive software copyright licensing contracts and transfer contracts shall be registered, and the National Copyright Administration shall be the competent authority for the administration of software copyright registration and has certified the China Copyright Protection Centre as the institution responsible for software registration. Applications that comply with the rules shall be granted registration, and a corresponding registration certificate shall be issued by the China Copyright Protection Centre.

REGULATIONS RELATING TO INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

On July 1, 2015, the Standing Committee of NPC (the "**SCNPC**") issued the National Security Law of the PRC (《中華人民共和國國家安全法》) (the "**National Security Law**"), which came into effect on the same day. The National Security Law stipulates that the State must safeguard national sovereignty, security and the development interests in cyberspace. It also requires the establishment of national security

review and supervision systems to examine foreign investments, critical technologies, internet information technology products and services, and other significant activities that may impact China's national security.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which came into effect on June 1, 2017. The NPC Standing Committee passed the Decision on Amending the Cybersecurity Law of the People's Republic of China on October 28, 2025, and such law became effective on January 1, 2026. The revised Cybersecurity Law came into force on January 1, 2026. According to the Cybersecurity Law, the State implements a cybersecurity multi-level protection system. Network operators shall comply with laws and regulations when conducting business and providing services, and fulfill their obligations to protect cybersecurity. Service providers operating via the network are required to adopt technical measures and other necessary measures, in accordance with laws, administrative regulations, and mandatory national standards, to ensure the safe and stable operation of the network, effectively respond to cybersecurity incidents, prevent illegal criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate jointly released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), or the Interpretation, which came into effect on June 1, 2017, clarifies several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including the "provision of citizens' personal information" and "illegally obtaining any citizen's personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

On June 10, 2021, the NPC Standing Committee promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into force on September 1, 2021. The Data Security Law specifies a categorized and classified system for data protection based on the importance of the data in economic and social development, as well as the extent of harm to national security, public interests, or the lawful rights and interests of individuals or organizations that will be caused once the data are altered, destroyed, leaked, or illegally obtained or used. Entities engaging in data processing activities shall, in accordance with the laws and regulations, establish a sound data security management system throughout the whole process, organize and conduct data security education and training, and adopt corresponding technical measures and other necessary measures to ensure data security. The law also provides for national security review procedures for data activities that affect or may affect national security. It stipulates that processors of important data shall be clear about the persons responsible for data security and the data security management bodies, and fulfill the responsibilities for data security protection, conduct risk assessments of their data processing on a regular basis and submit risk assessment reports to relevant competent departments. Additionally, the Data Security Law subjects activities involving the provision of important data to overseas parties by data processors other than critical information infrastructure operators to special regulatory procedures for data export, and restricts the transfer of data stored within the territory of China to any overseas judicial or law enforcement body without the approval of the competent authorities of the PRC.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"), which took effect on November 1, 2021. The Personal Information Protection Law further emphasizes and specifies

the obligations and responsibilities of personal information processors in personal information processing activities, and establishes a comprehensive set of rules for personal information processing, including but not limited to: personal information processing shall be for a clear and reasonable purpose; sensitive information processing shall have additional protection; the provision and entrusted processing of personal information to external parties shall be subject to the signing of special agreements to ensure security; the storage, deletion, disclosure, and automated decision-making of personal information shall comply with specific rules; and personal information processors shall have appropriate organizational safeguards, systematic safeguards, and technical measure safeguards.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), together with 12 other authorities, jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Measures for Cybersecurity Review**"), which took effect on February 15, 2022. The Measures for Cybersecurity Review stipulate that: (i) online platform operators engaged in data processing activities that influence or may influence national security shall conduct a cybersecurity review; (ii) online platform operators that hold personal information of more than one million users and plan to go public abroad shall report for cybersecurity review to the Cybersecurity Review Office; (iii) critical information infrastructure operators that purchase network products and services affecting or possibly affecting national security shall also undergo cybersecurity review; (iv) network products and services, as well as data processing activities that the cybersecurity review work mechanism member units believe affect or may affect national security, shall, after being submitted to the Central Cyberspace Affairs Commission for approval according to procedures, be reviewed by the Cybersecurity Review Office in accordance with the provisions of these Measures.

On September 24, 2024, the State Council issued the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on January 1, 2025. The Regulations on Network Data Security Management aim to implement the general requirements for data security management set forth in the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law. The regulations reiterate the general provisions on data processing activities, personal information protection rules, important data security protection, cross-border network data security management, and the obligations of online platform service providers. The Regulations on Network Data Security Management clarify the definition of important data, further specify the obligations of important data processors, and require network data processors whose data processing activities affect or may affect national security to undergo national security review in accordance with relevant national regulations.

REGULATIONS RELATING TO LARGE MODELS AND RELEVANT ALGORITHM APPLICATIONS

On December 31, 2021, the Cyberspace Administration of China and other relevant authorities promulgated the Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which came into effect on March 1, 2022. The Provisions apply to enterprises (referred to as algorithm-recommended service providers) that use generation and synthesis, personalized push, selection sort, search filtering, scheduling decision, and other algorithm technologies to provide information to users. Algorithm-recommended service providers shall strengthen information security management. They must have a management system that includes measures for examination of algorithm mechanisms and mechanics, scientific and technological ethics review, user registration, examination of information releases, data security and personal information protection, combat against telecommunication network frauds, security assessment and monitoring, emergency response to security incidents. They must also have dedicated personnel and technical measures. Service providers should regularly review and evaluate their algorithmic mechanisms, models, data and results, and notify users when an algorithm-based recommendation service is active and provide

effective channels for user complaints and reports. Algorithm recommended service providers with public opinion attributes or the capacity for social mobilization shall, in accordance with the law, complete filing procedures and carry out security assessments in compliance with relevant national regulations.

On January 10, 2023, the Provisions on the Administration of Deep Synthesis of Internet-Based Information Services (《互聯網信息服務深度合成管理規定》), which came into effect on January 10, 2023. The said Provisions regulate the use of technologies such as deep learning and generative artificial intelligence in producing or editing content. The Provisions require service providers to implement content labeling, data security, and personal information protection measures, and to prevent misuse of such technologies that may affect national security, public order, or individual rights. In addition, providers of deep synthesis services with public opinion attributes or the capability for social mobilization are required to complete algorithm filing procedures in accordance with the said Provisions on the Administration of Algorithm-generated Recommendations for Internet Information Services.

On July 10, 2023, the Cyberspace Administration of China and other relevant authorities promulgated the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) (the "**Measures for Generative AI**"), which came into effect on August 15, 2023, and imposed compliance requirements on providers of generative AI services. According to the Measures for Generative AI, individuals or organizations that provide generative AI services of texts, images, audios, videos, and other content shall assume the responsibility of such network information content producers to fulfill the obligations of network information security and shall assume the responsibility of personal information handlers to protect any personal information involved. Providers offering generative artificial intelligence services with public opinion attributes or the capability for social mobilization are required to conduct security assessments in accordance with applicable national regulations, and to complete algorithm filing in accordance with the said Recommended Algorithm Management Provisions for Internet Information Services. Non-compliance may subject generative AI service providers to penalties, including warning, public denouncement, rectification orders, and suspension of the provision of relevant services.

REGULATIONS RELATING TO OVERSEAS LISTING

Certain PRC regulatory authorities issued Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which was available to the public on July 6, 2021, further emphasized to strengthen cross-border regulatory collaboration, to improve relevant laws and regulations on data security, cross- border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and archive management relating to the offering and listing of securities abroad, to implement the responsibility on information security of companies listed in foreign countries, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

The CSRC promulgated the Overseas Listing Trial Measures and five related guidelines on February 17, 2023, which came into effect on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime which requires PRC domestic companies to file with the CSRC within three business days after the submission of application for initial public offering to competent overseas regulators or overseas stock exchanges. The Overseas Listing Trial Measures also provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities offering and listing are explicitly prohibited by specific laws and regulations; (ii) the proposed securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council;

(iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The CSRC and other three relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**") on February 24, 2023, which came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company or its overseas listing entity provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. A domestic company that plans to, either directly or through its overseas listed entity, publicly disclose or provide to relevant individuals and entities including securities companies, securities service providers and overseas regulators, any other documents and materials that, if leaked, will be detrimental to national security or public interest, shall strictly fulfill relevant procedures stipulated by applicable national regulations. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》), or the Patent Law, promulgated on March 12, 1984 and last amended on October 17, 2020 and became effective on June 1, 2021 by SCNPC, and Implementation Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated on January 19, 1985 and last amended on December 11, 2023 and became effective on January 20, 2024 by the State Council, the National Intellectual Property Administration is responsible for administering patents in China. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law and its implementation rules provide for three types of patents, "invention", "utility model" and, "design". Invention patents are valid for twenty years, while design patents are valid for 15 years and utility model patents are valid for ten years, from the date of application.

The PRC patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, an invention or utility model must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Trademark

In accordance with the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) which was promulgated by Standing Committee of the National People's Congress on August 23, 1982, and was latest amended on April 23, 2019, with the latest revision effective on November 1, 2019, and the Implementation Regulations for the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) which was promulgated by the State Council on August 3, 2002 and was latest amended on April 29, 2014, with the latest revision effective on May 1, 2014, trademarks approved and registered by the trademark bureau are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks; trademark registrants are entitled to exclusive rights to use trademark and are protected by the law. A registered trademark shall be valid for 10 years, commencing from the date of registration. Use of a trademark identical or similar to a registered trademark on the same type of commodities without licensing by the trademark registrant shall be deemed as infringement of exclusive rights to use registered trademarks.

Domain Name

In accordance with the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by the Ministry of Industry and Information Technology of the PRC on August 24, 2017 and came into effect on November 1, 2017, the Implementing Rules for the Registration of National Top-level Domain Names (《國家頂級域名註冊實施細則》) and Procedural Rules for Resolution of Disputes over National Top-level Domain Names (《國家頂級域名爭議解決程序規則》) which were promulgated by China Internet Network Information Center on June 18, 2019 and came into effect on the same date, the domain name registration services shall in principle implement "first apply first register"; where the corresponding detailed rules for domain name registration stipulate otherwise, such provisions shall prevail. The applicant shall be deemed as domain name holder via registration. The domain name disputes shall be accepted and solved by a domain name dispute resolution body as recognized by the China Internet Network Information Center.

In accordance with the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which was promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on November 27, 2017 and came into effect on January 1, 2018, the Internet access service provider concerned shall check the real identity information of the domain name registrant via the Record-filing System, and shall not provide access services if the Internet-based information service provider fails to provide real identity information or the identity information provided is inaccurate or incomplete, with the exception of domain names that have been filed for record with the Record-filing System prior to the effectiveness of this Notice.

Copyright

In accordance with the Copyright Law of the People's Republic China (《中華人民共和國著作權法》) which was promulgated by Standing Committee of the National People's Congress on September 7, 1990 and latest amended on November 11, 2020, with latest revision effective on June 1, 2021, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, including written works; oral works; musical, dramatic, opera, dance, acrobatic artistic works; fine arts, architectural works; photographic works; audio-visual works; graphic works and model works, such as engineering design plan, product design plan, map, schematic diagram, etc.;

computer software and any other intellectual achievements which comply with the characteristics of the works. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and the relevant implementation regulations, the unified enterprise income tax rate is 25%. However, a non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place of business in the PRC but the income has no actual connection with such establishment or place of business, shall pay EIT on its income derived from the PRC at an enterprise income tax rate of 10%.

Pursuant to the Enterprise Income Tax Law of the PRC promulgated by the SCNPC and last revised and took effect on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2024 and revised and took effect on January 20, 2025, a uniform enterprise income tax rate of 25% is imposed to both foreign invested enterprises and domestic enterprises, but tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The Chinese government provides key support to high-tech enterprises, which are subject to a reduced enterprise income tax rate of 15%.

Value-added Tax

According to the PRC Value-added Tax Law (中華人民共和國增值税法), as announced by the SCNPC on December 25, 2024 and came into effect on January 1, 2026, entities and individuals selling goods, services, intangible assets, real property in China, and importing goods to China, shall be identified as taxpayers of value-added tax. Unless otherwise provided by laws, the value-added tax rate is: 13% for taxpayers selling goods, labor services of processing, repairing or maintenance, or tangible movable property leasing services or importing goods; 9% for taxpayers selling transportation, postal, basic telecommunication, construction, or immovable property leasing services, immovable property, transferring the rights to use land, or selling or importing specific goods; 6% for taxpayers selling services or intangible assets; 0% for domestic entities and individuals selling services or intangible assets within the scope prescribed by the State Council across national borders; 0% for exported goods, except as otherwise specified by the State Council.

According to the Circular of the Ministry of Finance and the State Administration of Taxation on Policies for Simplifying and Consolidating Value-added Tax Rates (財政部、國家税務總局關於簡併增值税税率有關政策的通知), announced by the Ministry of Finance and the State Administration of Taxation on April 28, 2017, the structure of value-added tax rates were simplified from July 1, 2017, and the 13% value-added tax rate shall be canceled. The scope of goods with 11% value-added tax rate and the provisions for deducting input tax are specified.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、税務總局關於調整增值税税率的通知》) which was promulgated on April 4, 2018 and came into effect on May 1, 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the original rates of 16% or 10% applicable to the general VAT payers' sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

Dividend Withholding Tax

Pursuant to the Arrangement between Chinese Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was promulgated on August 21, 2006 and effective from December 8, 2006, the withholding tax rate of no more than 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The withholding tax rate of no more than 10% applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Furthermore, pursuant to the Circular of the State Taxation Administration on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (Guo Shui Han [2009] No. 81) (《國家税務總局關於執行税收協定股息條款有關問題的通知》(國税函[2009]81號), which was promulgated on and effective from February 20, 2009, where a PRC resident company pays dividends to a fiscal resident of the other contracting party to a tax treaty and such fiscal resident of the other party (or dividend recipient) is the beneficiary of such dividends, such dividends received by the fiscal resident of the other party are entitled to the treatment under the tax treaty, provided that all of the following requirements should be satisfied: (1) the taxpayer entitled to the treatment under the tax treaty shall be the fiscal resident of the other contracting party to a tax treaty; (2) the taxpayer entitled to the treatment under the tax treaty shall be the beneficiary of relevant dividends; (3) dividends entitled to the treatment under the tax treaty shall be the equity investment income such as dividends and bonuses determined under the PRC tax laws; and (4) other requirements provided by the STA.

If the tax resident of the other contracting party to the tax agreement directly owns a certain proportion or more of the capital (usually 25% or 10%) of a Chinese resident company that pays dividends, the dividends obtained by the tax resident of the other contracting party can be taxed at the tax rate specified in the tax agreement. The tax resident of the other contracting party who needs to enjoy the benefits of the tax agreement should meet the following conditions at the same time: (1) such tax resident of the other contracting party who obtains dividends should be limited to a company as provided in the tax agreement; (2) owner's equity interests and voting shares of the PRC resident company directly owned by such tax resident of the other contracting party reach a specified percentage; and (3) the capital proportion of the PRC resident company directly owned by such tax resident of the other contracting party, at any time during the 12 months prior to the acquisition of the dividends, reaches a specified percentage in the tax agreement.

REGULATIONS RELATING TO SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

In accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) which was promulgated by Standing Committee of the National People's Congress on October 28, 2010 and was latest amended on December 29, 2018, with the latest revision effective on the same date, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, and maternity insurance. Employers failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

In accordance with the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated by the State Council on April 3, 1999, and was latest amended on August 10, 2026, with the latest revision effective on September 20, 2026, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. And an employer fails to undertake contribution registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB50,000 nor more than RMB300,000 shall be imposed. An employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS RELATING TO FOREIGN INVESTMENT

The establishment, operation and governance of corporate entities in the PRC is governed by the Company Law of PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was issued by the **SCNPC** on December 29, 1993, last revised on December 29, 2023 and became effective on July 1, 2024. Limited liability companies and stock limited companies established in the PRC shall be subject to the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

On October 28, 2015, the Ministry of Commerce of PRC promulgated Interim Provisions on Investment Inside China by Foreign Investment Enterprises (《商務部、國家工商行政管理局關於外商投資企業境內投資的暫行規定》). According to the foregoing provisions, where a foreign investment enterprise purchases share ownership from investors of the target company, and the business scope of the target company falls within the field of Encouraged or Permitted Categories of Investment, the target company shall submit to the original company registration organ all the materials prescribed by Article 6, and shall, in accordance with relevant provisions of the "Rules on Company Registration", apply to the original company registration organ for alteration of registration.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, specifies that the state shall implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments; Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the state. The state provides national treatment to foreign investments outside the Negative List. In addition, the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》, the "**Implementation Regulations**"), which were promulgated by the State Council on December 26, 2019 and came into effect on January 1, 2020, further stipulate that the state shall, in accordance with the needs of the national economy and social development, formulate a catalog of industries for encouraging foreign investment, setting out the specific industries, fields and regions in which foreign investors will be encouraged and induced to invest.

Foreign investment in China shall adhere to the Catalogue of Encouraged Industries for Foreign (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the Catalogue) issued by the NDRC and the Ministry of Commerce of the PRC (the Ministry of Commerce), which was revised on December 15, 2025 and became effective on February 1, 2026, as well as the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the Negative List), which was promulgated on September 6, 2024 and became effective on November 1, 2024. The Catalogue and the Negative List delineate the basic framework for foreign investment in China, classifying industries with foreign investment into three categories: "Encouraged," "Restricted," and "Prohibited". Industries not listed in either the Catalogue or the Negative List are generally considered to be in the "Permitted" category unless otherwise expressly restricted by other PRC laws and regulations.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which were promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") and the SAMR on December 30, 2019, and came into effect on January 1, 2020, foreign investors or foreign-invested enterprises shall submit investment information in a timely manner, follow the principles of truthfulness, accuracy and completeness, and shall not make false or misleading reports or material omissions. Where a foreign-invested enterprise invests (including multi-level investment) to establish an enterprise in the PRC, the relevant information shall be forwarded by the market supervision department to the competent department in charge of commerce after the registration and filing with the market supervision department and the submission of the annual report information.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) (the "**Measures**") promulgated by NDRC and the MOFCOM on December 19, 2020 and effective from January 18, 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism's office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important sectors related to national security, while obtaining actual control over the invested enterprise.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and effective from October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by NDRC on December 26, 2017 and effective from March 1, 2018, domestic enterprises (the "**investors**") in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects (the "**Projects**"), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the investors, namely, non-sensitive projects involving the investors' direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The afore-mentioned sensitive project means a project involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on March 1, 2018 to list the sensitive industries for foreign investment in detail.

According to the "Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment" (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued by the State Administration of Foreign Exchange on February 13, 2015 and effective from June 1, 2015, the approval of foreign exchange registration for direct investment is canceled. Banks directly review and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks. On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version) (《資本項目外匯業務指引(2024年版)》), which came into effect on May 6, 2024, and stipulates guidelines for the capital account foreign exchange business.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

In February 2012, the State Administration of Foreign Exchange (the "**SAFE**") promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Stock Incentive Plans of Offshore Listed Companies (《關於境內個人參與境外上市公司股權激勵計畫外匯管理有關問題的通知》), replacing the previous rules issued by the SAFE in March 2007. Under this notice and other relevant rules, PRC residents who participate in a stock incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures, subject to certain exceptions.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas listed company or another qualified entity selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive

plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests, and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to the SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in China opened by the PRC agent before distribution to such PRC residents.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

In accordance with the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993, last revised on December 29, 2023 and became effective on July 1, 2024, and the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (hereinafter referred to as "**Foreign Investment Law**"), which was promulgated by the National People's Congress of the PRC on March 15, 2019 and came into effect on January 1, 2020, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company, including foreign-invested enterprise, is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided, and shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATING TO FULL CIRCULATION OF H-SHARES

In accordance with the Guidelines for the Application by H-share Companies for "Full Circulation" of Unlisted Shares (《H股公司境內未上市股份申請"全流通"業務指引》) which was promulgated by the CSRC on November 14, 2019 and came into effect on the same date, which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員關於修改、廢止部分證券期貨制度文件的決定》), the term "full circulation" means the circulation of domestically unlisted shares (including domestically unlisted shares held by domestic shareholders prior to the listing abroad, additional domestically unlisted shares issued domestically after listing abroad and unlisted shares held by holders of foreign shares) of H-share companies on the Hong Kong Stock Exchange. On the premise of complying with relevant laws and regulations as well as policies governing state-owned asset management, foreign investment and industrial supervision, the shareholders of domestically unlisted shares may determine the number and proportion of shares under application for circulation through negotiation at their discretion and entrust a H-share company to file an application for "full circulation". After the domestically unlisted shares are listed for circulation on the Hong Kong Stock Exchange, they shall not be transferred back to the Chinese Mainland. A shareholder of domestically unlisted shares may reduce or increase its holding of the shares involved that are circulating on the Hong Kong Stock Exchange according to relevant business rules. H share companies shall submit a report on the relevant information to the CSRC within 15 days from completion of re-registration of the shares involved in the application to China Securities Depository and Clearing Corporation Limited.

OVERVIEW

We are a leading AI computing service provider in China, purpose-built for the full lifecycle of AI workloads spanning large-scale model training and inference. The history of our Group traces back to February 2013 when the predecessor of our Company, DataCanvas Limited (北京九章雲極科技有限公司), was established as a limited liability company in the PRC. Our Company originally focused on providing AIFS Services, which delivered one-off standalone software. In the beginning of 2023, we pivoted to concentrate our strategic resources on AI computing infrastructure and cloud services. Our business repositioning was carried out in an orderly, managed phase-out format over the Track Record Period. Reflecting this deliberate allocation of resources, revenue generated from AI Computing Infrastructure Solutions and AI Computing Cloud Services collectively accounted for an increasing proportion of our total revenue during the Track Record Period. Concurrently, the revenue contribution from our AIFS Services declined correspondingly over the same period. Geographically, we have expanded our computing infrastructure footprint through a light-asset co-development model with local governments, state-owned enterprises and private enterprises across multiple regions in China under a "Centralized Orchestration + Regional Nodes" architecture. In February 2026, our Company was converted into a joint stock limited company and renamed as DataCanvas Co., Ltd. (北京九章雲極科技股份有限公司).

BUSINESS DEVELOPMENT MILESTONES

The table below summarizes our key business development milestones.

Year	Milestone
2013	In February, DataCanvas Limited (北京九章雲極科技有限公司) was established in the PRC
2014	In March, we launched DataCanvas1.0, our visual modeling platform
2017	In April, we launched DataCanvas, our full lifecycle data science platform
2019	In April, we launched the next-generation automated data science platform
2020	In February, we launched Hypernets, our open-source automated learning framework
2021	In October, we launched DingoDB, the world's first open-source multimodal vector database
2022	In August, we were recognized as a National Specialized, Refined, Distinctive, and Innovative Little Giant Enterprise (國家級專精特新小巨人企業)
2023	In September, we entered into the contract for our first AI Computing Infrastructure Solution project

Year	Milestone
2024	In April, we launched Alaya NeW OS, our proprietary, cloud-native operating system engineered for the unique demands of AI workloads
	In September, we launched Alaya NeW Cloud 1.0, our intelligent computing cloud platform
2025	In June, we launched Alaya NeW Cloud 2.0, our reinforcement learning intelligent computing cloud platform
	In September, we were recognized as a National Specialized, Refined, Distinctive, and Innovative Key Little Giant Enterprise (國家級專精特新重點小巨人企業)
2026	In March, we launched Alaya Code, an AI coding platform engineered to support AI engineers and researchers across the full continuum, from code generation and model selection to inference and production deployment
	In June, we launched Alaya NeW Cloud 3.0, an intelligent computing cloud platform designed for the token factory, and upgraded Alaya Code to Alaya Token

OUR MAJOR SUBSIDIARIES

The table below sets out the place and date of establishment and principal business activities of our subsidiaries that made material contribution to our results of operations during the Track Record Period or are or will be of strategic importance.

Subsidiary	Place of establishment	Date of establishment	Principal business activities
Jiuzhang Yunzhi	PRC	September 14, 2023	Operation and maintenance of our supply chain platform
Jiuzhang Anhui	PRC	November 17, 2023	Operation and maintenance of our computing power supply center
Jiuzhang Huangshan	PRC	December 12, 2024	Operation and maintenance of our computing power supply center
Beijing Yizhang	PRC	March 26, 2024	Operation of the platform for our AI Computing Cloud Services

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(a) Establishment of Our Company

On February 26, 2013, our Company was established as a limited liability company in the PRC. The shareholding structure of our Company as of the date of its establishment was as follows:

Shareholder	Registered Capital subscribed for	Equity interest
	(RMB)	*(%)*
Mr. Shang	750,000	37.50
Dr. Fang	650,000	32.50
Hua'anfu Investment Holdings Limited (華安富投資控股有限公司) ("**Hua'anfu Investment**")[(1)]	600,000	30.00
Total	**2,000,000**	**100.00**

Note:

(1) In October 2014, Hua'anfu Investment transferred its entire equity interest in our Company to Mr. Zhu Chuantong (朱傳統) ("**Mr. Zhu**") for a consideration of RMB2,000,000 and ceased to be a Shareholder. In October 2015, Mr. Zhu further transferred his entire equity interest in our Company to Dr. Fang and Mr. Shang for an aggregate consideration of RMB2,000,000 and ceased to be a Shareholder. To the best knowledge of our Directors, each of Hua'anfu Investment and Mr. Zhu is an independent third party.

(b) Conversion into a Joint Stock Limited Company

On February 12, 2026, our Company was converted into a joint stock limited company and renamed as DataCanvas Co., Ltd. (北京九章雲極科技股份有限公司). Upon the completion of the conversion, the Registered Capital was RMB48,846,910 divided into 48,846,910 Shares with a nominal value of RMB1.00 each.

(c) Restructuring of Beijing Yizhang and Beijing Jiuzhang Yunzhi

In 2026, our Company conducted a restructuring (the "**Restructuring**") of Beijing Yizhang and Beijing Jiuzhang Yunzhi Technology Co., Ltd. (北京九章雲智科技有限公司) ("**Beijing Jiuzhang Yunzhi**"), which were wholly-owned subsidiaries of our Company prior to the Restructuring.

In April 2026, our Company transferred (i) 76% and 14% of the equity interest of Beijing Yizhang to Beijing Jiuzhang Yunzhi and Beijing Badou Xincheng Intelligent Technology Partnership (Limited Partnership) (北京八斗新程智能科技合夥企業(有限合夥)) ("**Beijing Badou**") for nil consideration, respectively, and (ii) 49% of the equity interest of Beijing Jiuzhang Yunzhi to Beijing Badou for nil consideration. The general partner and sole limited partner of Beijing Badou are Mr. Zhang Xiaolin (張曉林) and Mr. Hong Hui (洪輝), respectively, both of whom are our employees. In June 2026, our Company transferred 10% of the equity interest of Beijing Yizhang to OPCL, our wholly owned subsidiary, for nil consideration. In July 2026, (i) our Company and Beijing Badou respectively transferred 51% and 16% of the equity interest of Beijing Jiuzhang Yunzhi to OPCL for consideration of RMB510,000 and nil, respectively; (ii) OPCL transferred 10% of the equity interest of Beijing Yizhang to Jiuzhang Yunzhi for nil consideration; and (iii) Beijing Jiuzhang Yunzhi and Beijing Badou respectively subscribed for additional registered capital of RMB4.8 million and RMB5.2 million in Beijing Yizhang (the "**Yizhang**

Capital Increase") for consideration of RMB4.8 million and RMB5.2 million, respectively. Immediately following the completion of the above equity transfers and the Yizhang Capital Increase, (i) OPCL and Beijing Badou respectively held 67% and 33% of the equity interest of Beijing Jiuzhang Yunzhi; and (ii) Beijing Jiuzhang Yunzhi and Beijing Badou respectively held 67% and 33% of the equity interest of Beijing Yizhang.

Upon the completion of the Restructuring, both Beijing Jiuzhang Yunzhi and Beijing Yizhang became non-wholly owned subsidiaries of our Company, and Beijing Yizhang became a non-wholly owned subsidiary of Beijing Jiuzhang Yunzhi. See the chart in "—Corporate and Shareholding Structure Immediately before the Completion of the **[REDACTED]**" for the shareholding structure of Beijing Yizhang and Beijing Jiuzhang Yunzhi following the completion of the Restructuring.

(d) Share Subdivision before the [REDACTED]

Pursuant to the Shareholders resolutions dated September 23, 2026, our Shares will be subdivided on a one-for-ten basis immediately prior to the **[REDACTED]**, and the nominal value of each Share will be changed from RMB1.00 to RMB0.1 each.

(e) Pre-[REDACTED] Investments

Since September 2015, we have received multiple rounds of Pre-**[REDACTED]** Investments from a number of Pre-**[REDACTED]** Investors. For details of the principal terms of the Pre-**[REDACTED]** Investments and background information of the major Pre-**[REDACTED]** Investors, see "—Pre-**[REDACTED]** Investments" below.

MATERIAL MERGER, ACQUISITION AND DISPOSAL

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any merger, acquisition or disposal which we consider to be material to us.

PRE-[REDACTED] INVESTMENTS

(a) Principal Terms of the Pre-[REDACTED] Investments

The table below summarizes the principal terms of the Pre-**[REDACTED]** Investments made by the Pre-**[REDACTED]** Investors.

	Series Angel I Financing[1]	Series Angel II Financing[2]	Series Angel III Financing[3]	Series A Financing[4]	Series B Financing[5]	Series B+ Financing[6]	Series B++ Financing[7]	Series C Financing[8]	Series C+ Financing[9]	Series D Financing[10]	Series D+ Financing[11]	Series D++ Financing[12]	Series E Financing[13]	Series Pre-[REDACTED] Financing[14]
Date of agreement(s)	September 25, 2015; April 2, 2021	September 9, 2016	December 1, 2016	July 31, 2017; October 25, 2017	January 29, 2018	May 31, 2019	February 20, 2020; June 28, 2020; September 1, 2020	March 17, 2021	July 25, 2022; September 14, 2022	September 28, 2023	December 9, 2024; June 20, 2025	September 16, 2025	November 27, 2025	June 1, 2026
Amount of Registered Capital subscribed for *(RMB)*	2,384,000	416,667	166,667	3,105,837	3,933,527	3,052,298	4,611,355	7,029,517	2,826,372	5,130,362	1,748,668	2,185,836	1,529,916	4,884,691
Amount of consideration paid *(RMB)*	7,784,000	5,000,000	2,000,000	30,217,545	51,000,000	53,000,000	96,938,776	192,467,741	100,205,600	268,239,271.81	96,000,000	120,000,000	97,000,000	499,999,910.47
Date of payment of consideration in full	November 28, 2025	September 19, 2016	December 20, 2016	January 24, 2018	March 19, 2018	June 10, 2019	December 29, 2020	August 18, 2021	June 26, 2023	February 13, 2025	November 27, 2025	September 29, 2025	November 28, 2025	June 3, 2026
Approximate cost per Share paid *(RMB)*[15]	0.33	1.20	1.20	0.97	1.30	1.74	2.10	2.74	3.53	5.23	5.49	5.49	6.34	10.24
Approximate discount to the **[REDACTED]**[16]	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%

Basis of determination of valuation and consideration	The valuation of our Group and consideration for each round of Pre-**[REDACTED]** Investments were determined based on arm's length negotiations between our Group and the Pre-**[REDACTED]** Investors taking into account the timing of the Pre-**[REDACTED]** Investments and our overall business operations and prospects.
Use of proceeds from the Pre-**[REDACTED]** Investments	We utilized the proceeds from the Pre-**[REDACTED]** Investments for the development and operation of our principal business and general working capital purposes. As of the Latest Practicable Date, over 80% of the net proceeds from the Pre-**[REDACTED]** Investments had been utilized.
Lock-up	Pursuant to applicable PRC law, within 12 months following the **[REDACTED]**, all existing Shareholders (including the Pre-**[REDACTED]** Investors) shall not dispose of any of the Shares held by them.
Strategic benefits to our Group brought by the Pre-**[REDACTED]** Investors	We are of the view that our Company can benefit from the investments by the Pre-**[REDACTED]** Investors as their investments demonstrated their confidence in our Group's operations and served as an endorsement of our Company's performance and strengths. Our Company is also of the view that certain Pre-**[REDACTED]** Investors possess a strong presence in our industry which can provide us with professional insights and advice on our Group's development and can help us achieve business synergies through enhanced business cooperation.

Notes:

(1) The series angel I financing investors included Ms. Xu Zhu (徐竹), Ms. Yang Wei (楊巍), Mr. Zhong Bin (鐘濱), and Mr. Tan Mingzhou (譚銘洲). Among them, (i) Ms. Xu Zhu subscribed for RMB846,000 of Registered Capital for a consideration of RMB846,000; (ii) Ms. Yang Wei subscribed for RMB750,000 of Registered Capital for a consideration of RMB750,000; (iii) Mr. Zhong Bin subscribed for RMB600,000 of Registered Capital for a consideration of RMB6,000,000; and (iv) Mr. Tan Mingzhou subscribed for RMB188,000 of Registered Capital for a consideration of RMB188,000.

(2) The series angel II financing investor was Beijing AAMA Venture Capital Fund Partnership (Limited Partnership) (北京亞傑創業投資基金合夥企業(有限合夥)) ("**Beijing AAMA Venture**").

(3) The series angel III financing investor was Zhuhai Dechen NEEQ Equity Investment Fund Enterprise (Limited Partnership) (珠海德辰新三板股權投資基金企業(有限合夥)) ("**Zhuhai Dechen**"). Concurrently with the series angel III financing, (i) Dr. Fang transferred RMB104,521 of Registered Capital to Zhuhai Dechen for a consideration of RMB600,000; (ii) Mr. Shang transferred RMB104,521 of Registered Capital to Zhuhai Dechen for a consideration of RMB600,000; (iii) Ms. Xu Zhu transferred RMB105,833 of Registered Capital to Zhuhai Dechen for a consideration of RMB900,000; and (iv) Ms. Yang Wei transferred RMB105,833 of Registered Capital to Zhuhai Dechen for a consideration of RMB900,000.

(4) The series A financing investors included Ningbo Meishan Bonded Port Area Redpoint Chichen Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區紅點馳辰股權投資合夥企業(有限合夥)) ("**Redpoint Chichen**"), Beijing Zhongguancun Development Qihang Industrial Investment Fund (Limited Partnership) (北京中關村發展啟航產業投資基金(有限合夥)) ("**ZGC Qihang**") and Zhuhai Dechen. Among them, (i) Redpoint Chichen subscribed for RMB1,873,474 of Registered Capital for a consideration of RMB18,227,545; (ii) ZGC Qihang subscribed for RMB1,027,826 of Registered Capital for a consideration of RMB10,000,000; and (iii) Zhuhai Dechen subscribed for RMB204,537 of Registered Capital following the conversion of RMB1,990,000 of convertible bonds.

Concurrently with the series A financing, (i) Ms. Yang Wei transferred RMB524,402 of Registered Capital to Redpoint Chichen for a consideration of RMB3,248,053; (ii) Dr. Fang transferred RMB16,599 of Registered Capital to Beijing AAMA Venture at nil consideration; (iii) Mr. Shang transferred RMB16,599 of Registered Capital to Beijing AAMA Venture at nil consideration; (iv) Dr. Fang transferred RMB3,686,880 of Registered Capital to Beijing Chiyang Enterprise Management Consulting Co., Ltd. (北京熾陽企業管理諮詢有限公司) ("**Beijing Chiyang**"), which was then wholly owned by Mr. Shang as his shareholding vehicle, for a consideration of RMB1,983,401; and (v) Mr. Shang transferred RMB3,686,880 of Registered Capital to Beijing Chiyang for a consideration of RMB1,983,401.

(5) The series B financing investors included Redpoint Chichen, Gongqingcheng Suxiang Venture Capital Partnership (Limited Partnership) (共青城蘇襄創業投資合夥企業(有限合夥)) ("**Suxiang Fund**"), Shenzhen Fuhai Venture Capital Fund Enterprise (Limited Partnership) (深圳富海創業投資基金企業(有限合夥)) ("**Shenzhen Fuhai**"), Zhuhai Fuhai Huajin Venture Capital Fund (Limited Partnership) (珠海富海華金創業投資基金(有限合夥)) ("**Zhuhai Fuhai**"), and Qianhai Equity Investment Fund (Limited Partnership) (前海股權投資基金(有限合夥)) ("**Qianhai Fund**"). Among them, (i) Redpoint Chichen subscribed for RMB261,335 of Registered Capital for a consideration of RMB3,000,000; (ii) Suxiang Fund subscribed for RMB2,295,120 of Registered Capital for a consideration of RMB30,000,000; (iii) Shenzhen Fuhai subscribed for RMB382,520 of Registered Capital for a consideration of RMB5,000,000; (iv) Zhuhai Fuhai subscribed for RMB382,520 of Registered Capital for a consideration of RMB5,000,000; and (v) Qianhai Fund subscribed for RMB612,032 of Registered Capital for a consideration of RMB8,000,000.

(6) The series B+ financing investors included Redpoint Chichen, Suxiang Fund, GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司) ("**GF Qianhe**"), Zhuhai Qingshi Investment Partnership (Limited Partnership) (珠海擎石投資合夥企業(有限合夥)) (currently known as Qingding (Beijing) Management Consulting Partnership (Limited Partnership) (擎鼎(北京)管理諮詢合夥企業(有限合夥))) ("**Qingding Beijing**"), and Wuxi Haiyingjia Investment Enterprise (Limited Partnership) (無錫海盈佳投資企業(有限合夥)) ("**Wuxi Haiyingjia**"). Among them, (i) Redpoint Chichen subscribed for RMB287,953 of Registered Capital following the conversion of RMB5,000,000 of convertible bonds; (ii) Suxiang Fund subscribed for RMB575,905 of Registered Capital following the conversion of RMB10,000,000 of convertible bonds; (iii) GF Qianhe subscribed for RMB1,605,520 of Registered Capital for a consideration of RMB27,878,200; (iv) Qingding Beijing subscribed for RMB7,015 of Registered Capital for a consideration of RMB121,800; and (v) Wuxi Haiyingjia subscribed for RMB575,905 of Registered Capital for a consideration of RMB10,000,000.

(7) The series B++ financing investors included Beijing Zhongguancun Development Frontier Enterprise Investment Fund (Limited Partnership) (北京中關村發展前沿企業投資基金(有限合夥)) ("**ZGC Frontier**"), Foshan Datai Venture Capital Center (Limited Partnership) (佛山達泰創業投資中心(有限合夥)) ("**Foshan Datai**"), Beijing Zhihui Yuncheng Investment Fund Center (Limited Partnership) (北京智慧雲城投資基金中心(有限合夥)) ("**Zhihui Yuncheng**"), Shenzhen Kexi Gongying Industrial Investment Partnership (Limited Partnership) (深圳珂璽共贏產業投資合夥企業(有限合夥)) ("**Shenzhen Kexi**"), and Tianjin Haoxi Enterprise Management Consulting Partnership (Limited Partnership) (天津顥璽企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Haoxi**"). Among them, (i) ZGC Frontier subscribed for RMB1,902,791 of Registered Capital for a consideration of RMB40,000,000; (ii) Foshan Datai subscribed for RMB951,395 of Registered Capital for a consideration of RMB20,000,000; (iii) Zhihui Yuncheng subscribed for RMB951,395 of Registered Capital for a consideration of RMB20,000,000; (iv) Shenzhen Kexi subscribed for RMB567,925 of Registered Capital for a consideration of RMB11,938,776; and (v) Tianjin Haoxi subscribed for RMB237,849 of Registered Capital for a consideration of RMB5,000,000.

Between the series B++ financing and the series C financing, in March 2021, (i) Beijing Chiyang transferred RMB1,106,064 of Registered Capital to Dr. Fang at RMB1,106,064; (ii) Beijing Chiyang transferred RMB1,106,064 of Registered Capital to Mr. Shang at RMB1,106,064; and (iii) Beijing Chiyang transferred RMB2,580,816 of Registered Capital to Shanghai Yuyu Management Consulting Co., Ltd. (上海余予管理諮詢有限公司) ("**Shanghai Yuyu**"), which was then wholly owned by Dr. Fang as his shareholding vehicle, for a consideration of RMB877,337.

(8) The series C financing investors included Advantech Capital Investment XVI Limited ("**Advantech**"), Qingdao SAIF Haohai Venture Investment Center (Limited Partnership) (青島賽富皓海創業投資中心(有限合夥)) ("**Qingdao SAIF**"), Nanjing SAIF Equity Investment Fund (Limited Partnership) (南京賽富股權投資基金(有限合夥)) ("**Nanjing SAIF**"), Jiaxing Tengyuan Investment Partnership (Limited Partnership) (嘉興騰元投資合夥企業(有限合夥)) ("**Jiaxing Tengyuan**"), Beijing Fengyuan Enterprise Management Center (Limited Partnership) (北京灃元企業管理中心(有限合夥)) ("**Beijing Fengyuan**"), Beijing Chanrong Hechuang Investment Fund Center (Limited Partnership) (北京市產融合創投資基金中心(有限合夥)) ("**Chanrong Hechuang**"), Lingfeng Capital Partners Fund I, LP ("**Lingfeng Capital**"), and Suzhou Lingfeng Xinfu Venture Capital Partnership (Limited Partnership) (蘇州領渢鑫服創業投資合夥企業(有限合夥)) ("**Suzhou Lingfeng**"). Among them, (i) Advantech subscribed for RMB2,481,226 of Registered Capital for a consideration of US$10,485,440.42; (ii) Qingdao SAIF subscribed for RMB1,006,881 of Registered Capital for a consideration of RMB27,591,475.16; (iii) Nanjing SAIF subscribed for RMB1,006,881 of Registered Capital for a consideration of RMB27,591,475.16; (iv) Jiaxing Tengyuan subscribed for RMB273,693 of Registered Capital for a consideration of RMB7,500,000; (v) Beijing Fengyuan subscribed for RMB91,231 of Registered Capital for a consideration of RMB2,500,000; (vi) Chanrong Hechuang subscribed for RMB1,094,774 of Registered Capital for a consideration of RMB30,000,000; (vii) Lingfeng Capital subscribed for RMB709,906 of Registered Capital for a consideration of US$3,000,000; and (viii) Suzhou Lingfeng subscribed for RMB364,925 of Registered Capital for a consideration of RMB10,000,000.

Concurrently with the series C financing, (i) Mr. Tan Mingzhou transferred RMB188,000 of Registered Capital to Advantech for a consideration of US$635,577.13; (ii) ZGC Qihang transferred RMB513,913 of Registered Capital to Advantech for a consideration of US$1,845,988.34; (iii) GF Qianhe transferred RMB544,302 of Registered Capital to Advantech for a consideration of US$2,024,150.80; (iv) GF Qianhe transferred RMB305,886 of Registered Capital to Qingdao SAIF for a consideration of RMB7,376,307.78; (v) GF Qianhe transferred RMB305,886 of Registered Capital to Nanjing SAIF for a consideration of RMB7,376,307.78; (vi) Qingding Beijing transferred RMB2,378 of Registered Capital to Advantech for a consideration of US$8,843.31; (vii) Qingding Beijing transferred RMB1,336 of Registered Capital to Qingdao SAIF for a consideration of RMB32,217.06; and (viii) Qingding Beijing transferred RMB1,336 of Registered Capital to Nanjing SAIF for a consideration of RMB32,217.06.

(9) The series C+ financing investors included Lingfeng Capital, Suzhou Lingfeng, Beijing Zhongguancun Longmen Fund Investment Center (Limited Partnership) (北京中關村龍門基金投資中心(有限合夥)) ("**ZGC Longmen**"), Beijing Frontier Sci-Tech Private Fund Management Center (Limited Partnership) (北京前沿科創私募基金管理中心(有限合夥)) ("**Frontier Sci-Tech**"), Foshan Datai, and Shenzhen Deben Qichen Value No.1 Equity Investment Fund Enterprise (Limited Partnership) (深圳德本啟辰價值一號股權投資基金企業(有限合夥)) ("**Deben Qichen**"). Among them, (i) Lingfeng Capital subscribed for RMB190,696 of Registered Capital for a consideration of US$1,000,000; (ii) Suzhou Lingfeng subscribed for RMB85,022 of Registered Capital for a consideration of RMB3,000,000; (iii) ZGC Longmen subscribed for RMB1,417,030 of Registered Capital for a consideration of RMB50,000,000; (iv) Frontier Sci-Tech subscribed for RMB680,175 of Registered Capital for a consideration of RMB24,000,000; (v) Foshan Datai subscribed for RMB283,406 of Registered Capital for a consideration of RMB10,000,000; and (vi) Deben Qichen subscribed for RMB170,043 of Registered Capital for a consideration of RMB6,000,000.

Between the series C+ financing and the series D financing, (i) in October 2022, Frontier Sci-Tech transferred RMB255,065 of Registered Capital to Beijing Jingxi Cultural Tourism Industry Investment Fund (Limited Partnership) (北京京西文旅產業投資基金(有限合夥)) ("**Jingxi Cultural Tourism**") for a consideration of RMB9,000,000; and (ii) in January 2023, Foshan Datai transferred RMB283,406 of Registered Capital to Tianjin Haoying Equity Investment Fund (Limited Partnership) (天津灝盈股權投資基金(有限合夥)) ("**Tianjin Haoying**") for a consideration of RMB10,000,000.

(10) The series D financing investors included CEC Haihe Smart Emerging Industries Investment Fund (Tianjin) Partnership (Limited Partnership) (中電海河智慧新興產業投資基金(天津)合夥企業(有限合夥)) ("**CEC Haihe**"), Huamin (Ma'anshan) Venture Capital Fund Partnership (Limited Partnership) (華民(馬鞍山)創業投資基金合夥企業(有限合夥)) ("**Huamin Venture**"), Huamin Caixin Phase I (Qingdao) Strategic Emerging Industries Private Equity Investment Fund Partnership (Limited Partnership) (華民財欣一期(青島)戰略新興產業私募股權投資基金合夥企業(有限合夥)) ("**Huamin Caixin**"), Mr. Chen Sen (陳森), Ms. Chen Ge (陳格), Mr. Wu Jiading (吳甲丁), Shenzhen Zhuoyuan Gaoke Venture Capital Co., Ltd. (深圳市卓源高科創業投資有限公司) ("**Zhuoyuan Gaoke**"), Taiping Kechuang (Shanghai) Private Investment Fund Partnership (Limited Partnership) (太平科創(上海)私募投資基金合夥企業(有限合夥)) ("**Taiping Kechuang**"), Hangzhou Junfu Equity Investment Partnership (Limited Partnership) (杭州君富股權投資合夥企業(有限合夥)) ("**Hangzhou Junfu**"), and ZW-ON (Qingdao) Technology Investment Partnership (Limited Partnership) (中文在線(青島)科技投資合夥企業(有限合夥)) (currently known as Qingdao Heyi Future Technology Investment Partnership (Limited Partnership) (青島和一未來科技投資合夥企業(有限合夥))) ("**Qingdao Heyi**"). Among them, (i) CEC Haihe subscribed for RMB826,997 of Registered Capital for a consideration of RMB43,239,271.81; (ii) Huamin Venture subscribed for RMB956,303 of Registered Capital for a consideration of RMB50,000,000; (iii) Huamin Caixin subscribed for RMB573,782 of Registered Capital for a consideration of RMB30,000,000; (iv) Mr. Chen Sen subscribed for RMB573,782 of Registered Capital following the conversion of RMB30,000,000 of convertible bonds; (v) Ms. Chen Ge subscribed for RMB191,261 of Registered Capital following the conversion of RMB10,000,000 of convertible bonds; (vi) Mr. Wu Jiading subscribed for RMB191,261 of Registered Capital following the conversion of RMB10,000,000 of convertible bonds; (vii) Zhuoyuan Gaoke subscribed for RMB95,630 of Registered Capital following the conversion of RMB5,000,000 of convertible bonds; (viii) Taiping Kechuang subscribed for RMB956,303 of Registered Capital for a consideration of RMB50,000,000; (ix) Hangzhou Junfu subscribed for RMB573,782 of Registered Capital for a consideration of RMB30,000,000; and (x) Qingdao Heyi subscribed for RMB191,261 of Registered Capital for a consideration of RMB10,000,000.

Concurrently with the series D financing, (i) Beijing AAMA Venture transferred RMB449,865 of Registered Capital to CEC Haihe for a consideration of RMB16,935,151.95; (ii) GF Qianhe transferred RMB449,446 of Registered Capital to CEC Haihe for a consideration of RMB19,739,275.16; and (iii) Qingding Beijing transferred RMB1,965 of Registered Capital to CEC Haihe for a consideration of RMB86,301.08.

(11) The series D+ financing investors included Beijing Zhongguancun Science City Technology Growth Investment Partnership (Limited Partnership) (北京中關村科學城科技成長投資合夥企業(有限合夥) ("**Science City**"), Jinan Chengcheng Development Equity Investment Fund Partnership (Limited Partnership) (濟南城成發展股權投資基金合夥企業(有限合夥)) ("**Jinan Chengcheng**"), Zhuhai Venus Capital Investment Consulting Enterprise (General Partnership) (珠海啟辰星投資諮詢企業(普通合夥)) (currently known as Zhuhai Venus Capital Private Equity Fund Management Enterprise (General Partnership) (珠海啟辰星私募基金管理企業(普通合夥)) ("**Venus Capital**"), Shenzhen Zhuoyuan Industrial Investment Co., Ltd. (深圳市卓源工業投資有限公司) ("**Shenzhen Zhuoyuan**"), and Anhui Huangshan Cultural Tourism Core Highland Venture Capital Fund Partnership (Limited Partnership) (安徽黃山文旅核心高地創業投資基金合夥企業(有限合夥)) ("**Huangshan Cultural Tourism**"). Among them, (i) Science City subscribed for RMB765,043 of Registered Capital for a consideration of RMB42,000,000; (ii) Jinan Chengcheng subscribed for RMB273,229 of Registered Capital for a consideration of RMB15,000,000; (iii) Venus Capital subscribed for RMB418,952 of Registered Capital for a consideration of RMB23,000,000; (iv) Shenzhen Zhuoyuan subscribed for RMB18,215 of Registered Capital for a consideration of RMB1,000,000; and (v) Huangshan Cultural Tourism subscribed for RMB273,229 of Registered Capital for a consideration of RMB15,000,000.

Concurrently with the series D+ financing, (i) Tianjin Haoying transferred RMB150,586 of Registered Capital to Tianjin Huaping Business Management Co., Ltd. (天津華平商業管理有限公司) ("**Tianjin Huaping**") for a consideration of RMB6,613,610.12; (ii) Tianjin Haoxi transferred RMB142,709 of Registered Capital to Tianjin Huaping for a consideration of RMB6,267,671.94; (iii) Shenzhen Kexi transferred RMB283,963 of Registered Capital to Mr. Xing Shuke (邢樹科) for a consideration of RMB13,718,522.89; (iv) Tianjin Haoxi transferred RMB95,140 of Registered Capital to Mr. Xing Shuke for a consideration of RMB4,596,292.75; (v) Tianjin Haoying transferred RMB28,462 of Registered Capital to Guangdong Jinhong SAIF Technology Industry Investment Partnership (Limited Partnership) (廣東錦弘賽富科技產業投資合夥企業(有限合夥)) ("**Jinhong SAIF**") for a consideration of RMB1,500,000; (vi) Tianjin Haoying, ZGC Qihang, Zhihui Yuncheng, Qingdao SAIF, Beijing Fengyuan, and Frontier Sci-Tech transferred RMB104,358, RMB77,705, RMB134,545, RMB43,558, RMB49,498, and RMB189,743 of Registered Capital to Mr. Chen Sen at a consideration of RMB5,500,000, RMB3,242,078.68, RMB6,500,000, RMB2,200,000, RMB2,500,000, and RMB10,000,000, respectively; (vii) ZGC Qihang transferred RMB23,967 of Registered Capital to Jinhong SAIF for a consideration of RMB1,000,000; (viii) Zhihui Yuncheng transferred RMB31,049 of Registered Capital to Jinhong SAIF for a consideration of RMB1,500,000; (ix) Chanrong Hechuang transferred RMB118,796 of Registered Capital to Jinhong SAIF for a consideration of RMB6,000,000; (x) ZGC Qihang transferred RMB172,566 of Registered Capital to Jinan Chengcheng for a consideration of RMB7,200,000; (xi) Qingdao SAIF transferred RMB154,434 of Registered Capital to Jinan Chengcheng for a consideration of RMB7,800,000; (xii) Frontier Sci-Tech transferred RMB141,687 of Registered Capital to Shanghai Tianzhun Private Equity Fund Management Co., Ltd. (上海天准私募基金管理有限公司) (currently known as Shanghai Huafeng Tianzhun Investment Management Co., Ltd. (上海華峰天準投資管理有限公司)) ("**Huafeng Tianzhun**") for a consideration of RMB7,408,826; (xiii) Redpoint Chichen transferred RMB239,675 of Registered Capital to Science City for a consideration of RMB10,000,000; (xiv) Suxiang Fund transferred RMB227,651 of Registered Capital to Science City for a consideration of RMB10,000,000; (xv) Qianhai Fund transferred RMB182,153 of Registered Capital to Science City for a consideration of RMB8,000,000; (xvi) Qingdao Heyi transferred RMB191,261 of Registered Capital to Science City for a consideration of RMB10,000,000; (xvii) ZGC Qihang transferred RMB239,675 of Registered Capital to Zhuhai Dechen for a consideration of RMB10,000,000; (xviii) Chanrong Hechuang transferred RMB197,992 of Registered Capital to Shenzhen Kecheng Gaoke Venture Capital Partnership (Limited Partnership) (深圳科城高科創業投資合夥企業(有限合夥)) ("**Kecheng Gaoke**") for a consideration of RMB10,000,000; (xix) ZGC Qihang transferred RMB239,675 of Registered Capital to Huangshan Cultural Tourism for a consideration of RMB10,000,000; (xx) Chanrong Hechuang transferred RMB197,992 of Registered Capital to Huangshan Cultural Tourism for a consideration of RMB10,000,000; (xxi) Venus Capital transferred RMB418,952 of Registered Capital to Huangshan Cultural Tourism for a consideration of RMB23,000,000; (xxii) Jinan Chengcheng transferred RMB273,229 of Registered Capital to Shandong Zhengyang Electrical Engineering Co., Ltd. (山東正揚電務工程有限公司) ("**Shandong Zhengyang**") for a consideration of RMB15,000,000; (xxiii) Jinan Chengcheng transferred RMB154,434 of Registered Capital to Shandong Zhengyang for a consideration of RMB7,800,000; and (xxiv) Jinan Chengcheng transferred RMB172,566 of Registered Capital to Shandong Zhengyang for a consideration of RMB7,200,000.

(12) The series D++ financing investors included Nanjing SAIF, Beijing SAIF Haohai Industrial Internet Investment Center (Limited Partnership) (北京賽富皓海工業互聯網投資中心(有限合夥)) ("**Beijing SAIF**"), and Beijing Zhongfa Gaojingjian Selected Venture Capital Fund (Limited Partnership) (北京中發高精尖臻選創業投資基金(有限合夥)) ("**Beijing Zhongfa**"). Among them, (i) Nanjing SAIF subscribed for RMB637,535 of Registered Capital for a consideration of RMB35,000,000; (ii) Beijing SAIF subscribed for RMB637,535 of Registered Capital for a consideration of RMB35,000,000; and (iii) Beijing Zhongfa subscribed for RMB910,766 of Registered Capital following the conversion of RMB50,000,000 of convertible bonds.

Concurrently with the series D++ financing, (i) Advantech transferred RMB692,973 of Registered Capital to Beijing Shenwei Jincheng Technology Co., Ltd. (北京深維錦誠科技有限公司) ("**Shenwei Jincheng**") for a consideration of RMB35,000,000 (the "**Shenwei Jincheng Transfer**," which is subject to the completion of the relevant bank clearing procedures); (ii) Zhuoyuan Gaoke transferred RMB18,215 of Registered Capital to Frontier Sci Tech for a consideration of RMB1,000,000; (iii) Jinhong SAIF transferred RMB202,274 of Registered Capital to Hainan Kecheng Gaoke No.5 Venture Capital Partnership (Limited Partnership) (海南科城高科五號創業投資合夥企業(有限合夥)) ("**Hainan Kecheng**") for a consideration of RMB10,000,000; (iv) Shandong Zhengyang transferred RMB172,566 of Registered Capital to Hainan Kecheng for a consideration of RMB7,200,000; (v) Jingxi Cultural Tourism transferred RMB255,065 of Registered Capital to Hainan Kecheng for a consideration of RMB12,800,000; (vi) Shanghai Yuyu transferred RMB2,580,816 of Registered Capital to Dr. Fang for a consideration of RMB877,337; and (vii) Beijing Chiyang transferred RMB2,580,816 of Registered Capital to Mr. Shang for a consideration of RMB877,337.

(13) The series E financing investors included Zhuhai Dechen, Beijing Artificial Intelligence Industry Investment Fund (Limited Partnership) (北京市人工智能產業投資基金(有限合夥)) ("**Beijing AI Fund**"), and Beijing Information Industry Development Investment Fund (L.P.) (北京信息產業發展投資基金(有限合夥)) ("**Beijing Information Fund**"). Among them, (i) Zhuhai Dechen subscribed for RMB315,447 of Registered Capital for a consideration of RMB20,000,000; (ii) Beijing AI Fund subscribed for RMB583,576 of Registered Capital for a consideration of RMB37,000,000; and (iii) Beijing Information Fund subscribed for RMB630,893 of Registered Capital for a consideration of RMB40,000,000.

Concurrently with the series E financing, (i) Hainan Kecheng transferred RMB202,274 of Registered Capital to Frontier Sci Tech for a consideration of RMB10,000,000; (ii) Jingxi Cultural Tourism transferred RMB255,065 of Registered Capital to Jiaxing Kecheng Bofei Equity Investment Partnership (Limited Partnership) (嘉興科城博飛股權投資合夥企業(有限合夥)) ("**Jiaxing Kecheng**") for a consideration of RMB12,800,000; and (iii) Shandong Zhengyang transferred RMB172,566 of Registered Capital to Jiaxing Kecheng for a consideration of RMB7,200,000.

Following the series E financing, (i) CEC Haihe transferred RMB538,082 of Registered Capital to Frontier Sci-Tech for a consideration of RMB25,000,000; (ii) Frontier Sci-Tech transferred RMB215,233, RMB91,000, and RMB546,018 of Registered Capital to Beijing Tianmian Engineering Management Co., Ltd. (北京天冕工程管理有限公司) ("**Beijing Tianmian**"), Ms. Li Na (李娜), and Huafon Group Co., Ltd. (華峰集團有限公司) ("**Huafon Group**") for a consideration of RMB10,000,000, RMB5,030,257.75, and RMB30,181,546.50, respectively; (iii) Mr. Chen Sen transferred RMB104,358, RMB49,498, and RMB43,558 of Registered Capital to Tianjin Huaping, Beijing Fengyuan, and Qingdao SAIF for a consideration of RMB5,500,000, RMB2,500,000, and RMB2,200,000, respectively; (iv) Shandong Zhengyang transferred RMB154,434 of Registered Capital to Qingdao SAIF for a consideration of RMB7,800,000; (v) Huamin Caixin transferred RMB573,782 of Registered Capital to Beijing Zhongfa Qianyan Shengtai Technology Center (Limited Partnership) (北京中發前沿生態科技中心(有限合夥)) ("**Qianyan Shengtai**") for a consideration of RMB36,379,022.72; (vi) Shenwei Jincheng transferred RMB692,973 of Registered Capital to Qianyan Shengtai for a consideration of RMB35,466,574; (vii) Jiaxing Kecheng transferred RMB199,678 of Registered Capital to Qianyan Shengtai for a consideration of RMB8,993,232.26; (viii) Shandong Zhengyang transferred RMB273,229 of Registered Capital to Qianyan Shengtai for a consideration of RMB15,102,661; and (ix) Qianyan Shengtai transferred RMB122,117 of Registered Capital to Jiaxing Yintai Lijin Equity Investment Partnership (Limited Partnership) (嘉興因泰利堇股權投資合夥企業(有限合夥)) ("**Yintai Lijin**") for a consideration of RMB10,000,000.

(14) The series pre-**[REDACTED]** financing investors included Cixi Zhuoyuan Zhiyu Venture Capital Partnership (Limited Partnership) (慈溪卓源智宇創業投資合夥企業(有限合夥)) ("**Zhuoyuan Asia Zhiyu**"), Qiangwei Asset Management Co., Ltd. (薔薇資產管理有限公司) ("**Qiangwei Asset**"), Yintai Lijin, Hangzhou Yinchen Enterprise Management Partnership (Limited Partnership) (杭州銀宸企業管理合夥企業(有限合夥)) ("**Hangzhou Yinchen**"), Guangzhou Kaide Xinghang Venture Capital Fund Partnership (Limited Partnership) (廣州凱得星航創業投資基金合夥企業(有限合夥)) ("**Kaide Xinghang**"), Jiaxing Shoujiantou Cangqiong Equity Investment Partnership (Limited Partnership) (嘉興首建投蒼穹股權投資合夥企業(有限合夥)) ("**Shoujiantou Cangqiong**"), Shenzhen Fuhai Jiuzhang Venture Capital Partnership (Limited Partnership) (深圳市富海九章創業投資合夥企業(有限合夥)) ("**Fuhai Jiuzhang**"), Rui'an Fuhai Equity Investment Fund Partnership (Limited Partnership) (瑞安市富海股權投資基金合夥企業(有限合夥)) ("**Rui'an Fuhai**"), Mr. Fan Xiaowei (范曉微), Mr. Li Chuo (李踔), and Galaxy Yuanhui Investment Co., Ltd. (銀河源匯投資有限公司) ("**Galaxy Yuanhui**"). Among them, (i) Zhuoyuan Asia Zhiyu subscribed for RMB1,172,326 of Registered Capital for a consideration of RMB120,000,000; (ii) Qiangwei Asset subscribed for RMB488,469 of Registered Capital for a consideration of RMB50,000,000; (iii) Yintai Lijin subscribed for RMB195,388 of Registered Capital for a consideration of RMB20,000,000; (iv) Hangzhou Yinchen subscribed for RMB1,172,326 of Registered Capital for a consideration of RMB120,000,000; (v) Kaide Xinghang subscribed for RMB468,930 of Registered Capital for a consideration of RMB48,000,000; (vi) Shoujiantou Cangqiong subscribed for RMB244,235 of Registered Capital for a consideration of RMB25,000,000; (vii) Fuhai Jiuzhang subscribed for RMB488,469 of Registered Capital for a consideration of RMB49,999,979.92; (viii) Rui'an Fuhai subscribed for RMB195,387 of Registered Capital for a consideration of RMB19,999,930.55; (ix) Mr. Fan Xiaowei subscribed for RMB107,463 of Registered Capital for a consideration of RMB11,000,000; (x) Mr. Li Chuo subscribed for RMB130,910 of Registered Capital for a consideration of RMB13,400,000; and (xi) Galaxy Yuanhui subscribed for RMB220,788 of Registered Capital for a consideration of RMB22,600,000.

Following the series pre-**[REDACTED]** financing, in June 2026, (i) Jiaxing Kecheng transferred RMB32,565 and RMB195,388 of Registered Capital to Jiaxing Kehan Equity Investment Partnership (Limited Partnership) (嘉興科翰股權投資合夥企業(有限合夥)) ("**Jiaxing Kehan**") and Jiaxing Jiacheng Equity Investment Partnership (Limited Partnership) (嘉興佳珹股權投資合夥企業(有限合夥)) ("**Jiaxing Jiacheng**") for a consideration of RMB2,000,000 and RMB10,000,000, respectively; (ii) Mr. Chen Sen transferred RMB401,993 of Registered Capital to Qianyan Shengtai for a consideration of RMB20,500,000; (iii) Qianyan Shengtai transferred RMB87,767 of Registered Capital to Mr. Fan Xiaowei for a consideration of RMB4,800,000; (iv) Redpoint Chichen transferred RMB488,469 of Registered Capital to Qianyan Shengtai for a consideration of RMB25,000,000; (v) Suxiang Fund transferred RMB840,167 of Registered Capital to Qianyan Shengtai for a consideration of RMB47,600,000; and (vi) Advantech transferred RMB976,938 of Registered Capital to United International Investment Development Limited ("**UIIDL**") for a consideration of US$10,257,913.25.

In August 2026, (i) Huamin Venture transferred RMB645,000 of Registered Capital to Qianyan Shengtai for a consideration of RMB52,819,050; (ii) Suxiang Fund transferred RMB238,807 of Registered Capital to each of Jiaxing Chengling Equity Investment Partnership (Limited Partnership) (嘉興珹翎股權投資合夥企業(有限合夥)) ("**Jiaxing Chengling**") and Jiaxing Chengwang Equity Investment Partnership (Limited Partnership) (嘉興珹旺股權投資合夥企業(有限合夥)) ("**Jiaxing Chengwang**"), each for a consideration of RMB20,000,000; (iii) Advantech transferred RMB1,081,289 and RMB276,706 of Registered Capital to Haostar International (HK) Limited (好事達國際(香港)有限公司) ("**Haostar**") and Ms. Zhong Lina (鍾麗娜) for considerations of US$14,000,000.00 and US$4,045,441.72, respectively; (iv) Suzhou Lingfeng transferred RMB53,994 of Registered Capital to Mr. Li Pan (李攀) for a consideration of RMB4,019,853; and (v) Qianyan Shengtai transferred RMB1,208,576 of Registered Capital to Huafon Group for a consideration of RMB89,971,337.35.

In September 2026, Qianyan Shengtai transferred RMB44,778 of Registered Capital to Mr. Xu Hong (許洪) for a consideration of RMB4,000,000.

(15) The approximate cost per Share paid is calculated by the total consideration paid by each Pre-**[REDACTED]** Investor in each round of Pre-**[REDACTED]** Investments divided by the Shares it shall hold after the conversion of our Company into a joint stock limited company, assuming that the Share Subdivision had been completed at the relevant time.

(16) The discount to the **[REDACTED]** is calculated based on (i) the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**), (ii) the exchange rate set out in "Information about This Document and the **[REDACTED]**," and (iii) the assumption that the Share Subdivision had been completed.

(17) As of the Latest Practicable Date, save for the Shenwei Jincheng Transfer, which is subject to the completion of the relevant bank clearing procedures, the respective consideration for all of the above mentioned equity transfers had been fully settled. Our PRC Legal Advisor confirmed that our Company's establishment and subsequent shareholding changes have complied with the applicable PRC laws and regulations in all material respects.

(b) Special Rights of the Pre-[REDACTED] Investors

The Pre-**[REDACTED]** Investors were granted certain customary special rights, including, among others, drag along rights, redemption rights, pre-emptive rights, co-sale rights, liquidation preference rights, information rights, and anti-dilution rights. Pursuant to the agreement dated June 26, 2026, which was amended and restated on September 23, 2026, entered into by, among others, our Company and the relevant Pre-**[REDACTED]** Investors, (i) the drag along rights and redemption rights were terminated and shall be void *ab initio* on the day immediately preceding our Company's first submission of the **[REDACTED]** application to the Stock Exchange, provided that such drag along rights and redemption rights shall be reinstated if, among others, our Company fails to complete the CSRC filing and obtain **[REDACTED]** approval from the Stock Exchange within 18 months after the first submission of the **[REDACTED]** application to the Stock Exchange (the "**First Submission**"), the **[REDACTED]** is not completed within 24 months of the First Submission, or the **[REDACTED]** application is subsequently withdrawn, explicitly rejected or not accepted by competent authorities, or the **[REDACTED]** is not consummated within the prescribed regulatory time frame after approval or filing, or any such rights are otherwise reinstated, whichever is earlier; and (ii) all special rights granted to the Pre-**[REDACTED]** Investors will be automatically terminated on the day immediately preceding the **[REDACTED]**.

(c) Sole Sponsor's Confirmation

On the basis (i) that the respective consideration for the Pre-**[REDACTED]** Investments will all be settled no less than 120 clear days before the **[REDACTED]**; and (ii) of the termination or cessation of special rights granted to the Pre-**[REDACTED]** Investors as disclosed in "—Pre-**[REDACTED]** Investments—(b) Special Rights of the Pre-**[REDACTED]** Investors" above, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide.

(d) Information about Our Pre-[REDACTED] Investors

Set out below is the background information of our major Pre-**[REDACTED]** Investors holding more than 2% of our total issued Shares as of the Latest Practicable Date. To the best knowledge of our Directors, save as otherwise disclosed in "—Public Float and Free Float" below, all of our Pre-**[REDACTED]** Investors and their ultimate beneficial owners are independent third parties.

Beijing Frontier

Qianyan Shengtai is a limited partnership established in the PRC. Its general partner is Frontier Sci-Tech, holding 0.05% of the partnership interest. The general partner of Frontier Sci-Tech is Beijing Zhongfa Frontier Investment Management Co., Ltd. (北京中發前沿投資管理有限公司) ("**Beijing Frontier**"), holding 6% of the partnership interest. As of the Latest Practicable Date, Beijing Frontier was owned as to (i) 65% by Ningbo Bonded Zone Frontier Enterprise Management Co., Ltd. (寧波保稅區前沿企業管理有限公司), which was in turn controlled by Mr. Jia Zhenzhao (賈振釗) ("**Mr. Jia**"), and (ii) 35% by Beijing Zhongguancun Capital Fund Management Co., Ltd. (北京中關村資本基金管理有限公司) ("**ZGC Capital**"), which was in turn wholly owned by Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) ("**ZGC Development**"). ZGC Development was owned as to 50.41% by Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), which was wholly owned by the State owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). As of the Latest Practicable Date, the two largest limited partners of Frontier Sci-Tech were Hainan Qianyan Jingying Enterprise Management Partnership (Limited Partnership) (海南前沿精英企業管理合夥企業(有限合夥)) ("**Hainan Qianyan**") and Ningbo Qianyan Weisichuang Enterprise Management Partnership (General Partnership) (寧波前沿偉思創企業管理合夥企業(普通合夥)) ("**Ningbo Qianyan**"), holding 40% and 30% of the partnership interest, respectively. The general partner and limited partner of Hainan Qianyan are Mr. Jia and Mr. Shi Kexin (史可新), holding 60% and 40% of the partnership interest, respectively. The general partners of Ningbo Qianyan are Mr. Jia and Mr. Cai Fang (蔡放) ("**Mr. Cai**"), each holding 50% of the partnership interest, respectively. As of the Latest Practicable Date, the sole limited partner of Qianyan Shengtai was Yuema Investment Holding (Beijing) Technology Co., Ltd. (躍馬投控(北京)科技有限公司), which was owned as to 63% by Yuema Xingchi (Hainan) Enterprise Management Partnership (Limited Partnership) (躍馬星馳(海南)企業管理合夥企業(有限合夥)) ("**Yuema Xingchi**"). The general partner of Yuema Xingchi is Yuema Zhongheng (Hainan) Enterprise Management Partnership (Limited Partnership) (躍馬眾恒(海南)企業管理合夥企業(有限合夥)) ("**Yuema Zhongheng**"), holding 50% of the partnership interest, and the sole limited partner of Yuema Xingchi is Mr. Cai. The general partner of Yuema Zhongheng is Hainan Yuema Wenwei Enterprise Management Co., Ltd. (海南躍馬文蔚企業管理有限公司) ("**Yuema Wenwei**"), holding 10% of the partnership interest, and the sole limited partner of Yuema Zhongheng is Mr. Jia. As of the Latest Practicable Date, Yuema Wenwei was owned as to 99% by Mr. Jia.

ZGC Frontier is a limited partnership established in the PRC. Its general partner is Beijing Frontier, holding approximately 1.13% of the partnership interest. As of the Latest Practicable Date, ZGC Frontier had ten limited partners, none of which held 30% or more of the partnership interest.

SAIF

Nanjing SAIF is a limited partnership established in the PRC. Its general partner is Nanjing SAIF Equity Investment Management Center (Limited Partnership) (南京賽富股權投資管理中心(有限合夥)) ("**Nanjing SAIF Equity**"), holding approximately 1.96% of the partnership interest. The general partner of Nanjing SAIF Equity is Tianjin SAIF Shengyuan Investment Management Center (Limited Partnership) (天津賽富盛元投資管理中心(有限合夥)) ("**Tianjin SAIF**"), holding 1% of the partnership interest. The general partner of Tianjin SAIF is Tianjin Himalaya Investment Consulting Co., Ltd. (天津喜瑪拉雅投資諮詢有限公司), holding 1% of the partnership interest, which is in turn owned as to 50% by each of Ms. Zhao Jun (趙鈞) and Ms. Li Jia (李佳), respectively. As of the Latest Practicable Date, (i) Nanjing SAIF had 12 limited partners, none of which held 30% or more of the partnership interest; (ii) Nanjing SAIF Equity had three limited partners, the largest of which was Jiaxing Tengyuan, holding 89% of the partnership interest; and (iii) Tianjin SAIF had four limited partners, the largest of which was Mr. Yan Ansheng (閻安生), holding 35% of the partnership interest.

Qingdao SAIF is a limited partnership established in the PRC. Its general partner is Qingdao SAIF Haohai Investment Management Center (Limited Partnership) (青島賽富皓海投資管理中心(有限合夥)) ("**SAIF Haohai**"), holding approximately 1.43% of the partnership interest. The general partner of SAIF Haohai is Jiaxing Haohai Investment Management Co., Ltd. (嘉興皓海投資管理有限責任公司) ("**Jiaxing Haohai**"), which is in turn owned as to 66% by Mr. Jiang Chihua (蔣馳華) ("**Mr. Jiang**"), our non-executive Director, and 34% by Ms. Yang Jianwen (楊建文) ("**Ms. Yang**"). As of the Latest Practicable Date, (i) Qingdao SAIF had nine limited partners, none of which held 30% or more of the partnership interest; and (ii) SAIF Haohai had three limited partners, the two largest of which were Tianjin SAIF and Jiaxing Haochuang Investment Management Partnership (Limited Partnership) (嘉興皓創投資管理合夥企業(有限合夥)) ("**Jiaxing Haochuang**"), holding 50% and 30% of the partnership interest, respectively. The general partner of Jiaxing Haochuang was Jiaxing Haohai, holding 10% of the partnership interest. As of the Latest Practicable Date, Jiaxing Haochuang had two limited partners, namely Mr. Jiang and Ms. Yang, holding 60% and 30% of the partnership interest, respectively.

Beijing SAIF is a limited partnership established in the PRC. Its general partner is Beijing SAIF Haochuang Consulting Management Center (Limited Partnership) (北京賽富皓創諮詢管理中心(有限合夥)) ("**SAIF Haochuang**"), holding 2% of the partnership interest. The general partner of SAIF Haochuang is Qingdao SAIF Investment Management Co., Ltd. (青島賽富投資管理有限責任公司) ("**Qingdao SAIF Investment**"), which is in turn owned as to 60% by Tianjin SAIF. As of the Latest Practicable Date, (i) Beijing SAIF had ten limited partners, none of which held 30% or more of the partnership interest; and (ii) SAIF Haochuang had two limited partners, namely Jiaxing Haochuang and Jiaxing Tengyuan, holding 64.6% and 34.4% of the partnership interest, respectively.

Jiaxing Tengyuan is a limited partnership established in the PRC. Its general partner is Tianjin SAIF, holding approximately 1.06% of the partnership interest. As of the Latest Practicable Date, the sole limited partner of Jiaxing Tengyuan was Mr. Andrew Y. Yan (閻焱) ("**Mr. Yan**"), holding approximately 98.94% of the partnership interest.

Beijing Fengyuan is a limited partnership established in the PRC. Its general partner is Jiaxing Haohai, holding 1% of the partnership interest. As of the Latest Practicable Date, Beijing Fengyuan had three limited partners, the two largest of which were Jiaxing Tengyuan and Jiaxing Haochuang, each holding 40% of the partnership interest, respectively.

Nanjing SAIF, Qingdao SAIF, and Jiaxing Tengyuan are managed by Tianjin SAIF, and Beijing SAIF is managed by Qingdao SAIF Investment. Both Tianjin SAIF and Qingdao SAIF Investment are ultimately controlled by Mr. Yan.

Redpoint Chichen

Redpoint Chichen is a limited partnership established in the PRC. Its general partner is Ningbo Meishan Bonded Port Area Redpoint Ruipu Investment Management Partnership (Limited Partnership) (寧波梅山保税港區紅點銳普投資管理合夥企業(有限合夥)) ("**Redpoint Ruipu**"), holding approximately 1.43% of the partnership interest. The general partner of Redpoint Ruipu is Shanghai Ruipu Dafan Private Equity Fund Management Partnership (Limited Partnership) (上海銳普達凡私募基金管理合夥企業(有限合夥)) ("**Ruipu Dafan**"), holding 50% of the partnership interest. The general partner of Ruipu Dafan is Redpoint Ventures Consulting (Shanghai) Co., LTD (銳普投資諮詢(上海)有限公司) ("**Redpoint Ventures**"), holding 50% of the partnership interest. As of the Latest Practicable Date, Redpoint Ventures was wholly owned by ACE Redpoint Management Company (HK) Limited ("**ACE Redpoint**"). ACE Redpoint was wholly owned by ACE Redpoint Management Company, Ltd., which was in turn wholly owned by MAYD Management LLC ("**MAYD Management**"). MAYD Management was owned as to 50% by Mr. Yuan Wenda David and Ms. Wang Ying Ingrid, respectively. As of the Latest Practicable Date, (i) Redpoint Chichen had 13 limited partners, none of which held 30% or more of the partnership interest; (ii) Redpoint Ruipu had two limited partners, none of which held 30% or more of the partnership interest; and (iii) Ruipu Dafan had one limited partner, namely Shanghai Yuanyi Enterprise Management Consulting Center (Limited Partnership) (上海源沂企業管理諮詢中心(有限合夥)) ("**Shanghai Yuanyi**"), holding 50% of the partnership interest. The general partner of Shanghai Yuanyi is Ms. Shi Mingjuan (施明娟), holding 90% of the partnership interest.

Huafon

Huafon Group is a limited liability company established in the PRC. As of the Latest Practicable Date, Huafon Group was owned as to approximately 79.63% by Mr. You Xiaoping (尤小平).

Huafeng Tianzhun is a limited liability company established in the PRC. As of the Latest Practicable Date, Huafeng Tianzhun was wholly owned by Huafon Group.

Science City

Science City is a limited partnership established in the PRC. Its general partner is Beijing Zhongguancun Science City Technology Investment Management Co., Ltd. (北京中關村科學城科技投資管理有限公司), holding 1% of the partnership interest. As of the Latest Practicable Date, Science City had one limited partner, Beijing Haidian District State-owned Assets Investment Group Co., Ltd. (北京市海淀區國有資產投資集團有限公司), holding 99% of the partnership interest. Both the general partner and limited partner of Science City is controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Haidian District, Beijing Municipality (北京市海淀區人民政府國有資產監督管理委員會).

UIIDL

UIIDL is a limited liability company incorporated in Hong Kong. UIIDL is wholly owned by Mr. Chen Sen.

OFC

Fuhai Jiuzhang is a limited partnership established in the PRC. The general partner of Fuhai Jiuzhang is Shenzhen Fuhai Xinwan Equity Investment Fund Management Enterprise (Limited Partnership) (深圳市富海鑫灣股權投資基金管理企業(有限合夥)) ("**Fuhai Xinwan**"), holding approximately 8.41% of the partnership interest. The general partner of Fuhai Xinwan is Shenzhen Dongfang Fuhai Venture Capital Management Co., Ltd. (深圳市東方富海創業投資管理有限公司) ("**Dongfang Fuhai**"), holding 10% of the partnership interest. Dongfang Fuhai is wholly owned by Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) ("**OFC**"). As of the Latest Practicable Date, the sole limited partner of Fuhai Xinwan was OFC, holding 90% of the partnership interest. Fuhai Jiuzhang had seven limited partners, the largest of which was Mr. Li Shuhua (李樹華), holding approximately 37.38% of the partnership interest. No other limited partner of Fuhai Jiuzhang held 30% or more of the partnership interest.

Shenzhen Fuhai is a limited partnership established in the PRC. The general partner of Shenzhen Fuhai is Dongfang Fuhai, holding approximately 1.93% of the partnership interest. As of the Latest Practicable Date, Shenzhen Fuhai had 13 limited partners, none of which held 30% or more of the partnership interest.

Zhuhai Fuhai is a limited partnership established in the PRC. The general partner of Zhuhai Fuhai is Dongfang Fuhai, holding approximately 1.93% of the partnership interest. As of the Latest Practicable Date, Zhuhai Fuhai had 20 limited partners, none of which held 30% or more of the partnership interest.

Rui'an Fuhai is a limited partnership established in the PRC. The general partner of Rui'an Fuhai is Dongfang Fuhai, holding 1% of the partnership interest. As of the Latest Practicable Date, Rui'an Fuhai had two limited partners, namely Rui'an Chuangyi Equity Investment Co., Ltd. (瑞安市創翼股權投資有限公司) ("**Rui'an Chuangyi**") and Rui'an Industrial Fund Co., Ltd. (瑞安市產業基金有限公司) ("**Rui'an Industrial Fund**"), holding 69% and 30% of the partnership interest,

respectively. Both Rui'an Chuangyi and Rui'an Industrial Fund are wholly owned by Rui'an Venture Capital Group Co., Ltd. (瑞安市創業投資集團有限公司) ("**Rui'an Venture Capital**"). Rui'an Venture Capital is owned as to 51% by Rui'an State-owned Construction and Development Group Co., Ltd. (瑞安市國有建設發展集團有限公司), which is controlled by Rui'an Municipal Finance Bureau (Rui'an Municipal Government State-owned Assets Supervision and Management Office) (瑞安市財政局(瑞安市人民政府國有資產監督管理辦公室)). No other shareholder of Rui'an Venture Capital held 30% or more of the equity interest.

ZGC Longmen

ZGC Longmen is a limited partnership established in the PRC. The general partner of ZGC Longmen is Beijing Zhongguancun Longmen Investment Co., Ltd. (北京中關村龍門投資有限公司) ("**Longmen Investment**"), holding approximately 1% of the partnership interest. Longmen Investment is owned as to 42% by Mr. Liu Zhishuo (劉志碩). No other shareholder of Longmen Investment held 30% or more of the equity interest. As of the Latest Practicable Date, ZGC Longmen had nine limited partners, the largest of which was the National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會), holding approximately 39.87% of the partnership interest. No other limited partner of ZGC Longmen held 30% or more of the partnership interest.

Venus Capital

Zhuhai Dechen is a limited partnership established in the PRC. The general partner of Zhuhai Dechen is Venus Capital, holding 0.01% of the partnership interest. Venus Capital has two general partners, namely Mr. Li Chuo (李踔) and Ms. Yang Piyi (楊丕懿), holding 20% and 80% of the partnership interest, respectively. As of the Latest Practicable Date, Zhuhai Dechen had two limited partners, namely Shandong Chenming Paper Holdings Limited (山東晨鳴紙業集團股份有限公司) (01812.HK; 000488.SZ; 200488.SZ) and Mr. Zhang Guangquan (張廣全), each holding 49.995% of the partnership interest.

Deben Qichen is a limited partnership established in the PRC. The general partner of Deben Qichen is Venus Capital, holding approximately 0.17% of the partnership interest. As of the Latest Practicable Date, the sole limited partner of Deben Qichen was Mr. Fan Xiaowei, holding approximately 99.83% of the partnership interest.

Suxiang Fund

Suxiang Fund is an equity investment fund established in the PRC. The general partner of Suxiang Fund is Xianghe Business Consulting (Beijing) Co., Ltd. (襄禾商務諮詢(北京)有限公司) ("**Xianghe Business Consulting**"), holding approximately 0.1% of the partnership interest. As of the Latest Practicable Date, Xianghe Business Consulting was owned as to 90% by Ningbo Meishan Bonded Port Area Xiangyuan Private Fund Management Co., Ltd. (寧波梅山保稅港區襄源私募基金管理有限公司), which was in turn owned as to 51% by Ms. Yang Liu (楊柳). As of the Latest Practicable Date, Suxiang Fund had 23 limited partners, none of which held 30% or more of the partnership interest.

Lingfeng Capital

Lingfeng Capital is a limited partnership incorporated in the Cayman Islands. Its general partner is Lingfeng Capital Partners Fund GP, Ltd. ("**Lingfeng Partners**"), holding approximately 3.55% of the partnership interest. Lingfeng Partners is owned as to 70% by Mr. Ma Ning (馬寧) and as to 30% by Mr. Shu Ming (舒明). As of the Latest Practicable Date, Lingfeng Capital had 30 limited partners, none of which held 30% or more of the partnership interest.

Suzhou Lingfeng is a limited partnership established in the PRC. Its general partner is Xizang Lingfeng Venture Investment Partnership (Limited Partnership) (西藏領渢創業投資合夥企業(有限合夥)) ("**Xizang Lingfeng**"), holding approximately 4.19% of the partnership interest. The general partner of Xizang Lingfeng is Lingfeng Capital Management Co., Ltd. (領渢資本管理有限公司) ("**Lingfeng Capital Management**"), holding 1.00% of the partnership interest. As of the Latest Practicable Date, Lingfeng Capital Management was owned as to 67% by Mr. Ma Lizheng (馬立正) ("**Mr. Ma**") and as to 33% by Mr. Wang Shuhan (王舒瀚) ("**Mr. Wang**"). As of the Latest Practicable Date, Xizang Lingfeng had two limited partners, namely Mr. Ma and Mr. Wang, holding 69% and 30% of the partnership interest, respectively. Suzhou Lingfeng had 11 limited partners, none of which held 30% or more of the partnership interest.

CEC Haihe

CEC Haihe is a limited partnership established in the PRC. Its general partner is CEC Zhihui Fund Management Co., Ltd. (中電智慧基金管理有限公司) ("**CEC Zhihui**"), holding 0.02% of the partnership interest. As of the Latest Practicable Date, CEC Zhihui was owned as to 62.00% by CEC Jintou Holding Co., Ltd. (中電金投控股有限公司) ("**CEC Jintou**"), which was wholly owned by China Electronics Corporation (中國電子信息產業集團有限公司), which was in turn wholly owned by the SASAC. As of the Latest Practicable Date, CEC Haihe had four limited partners, the two largest of whom were CEC Jintou and Tianjin Haihe Industrial Fund Partnership (Limited Partnership) (天津市海河產業基金合夥企業(有限合夥)) ("**Haihe Fund**"), holding 49.98% and 30.00% of the partnership interest, respectively. The general partner of Haihe Fund is Tianjin Haihe Industrial Fund Management Co., Ltd. (天津市海河產業基金管理有限公司), holding approximately 0.25% of the partnership interest, and none of its shareholders held 30% or more of the equity interest. As of the Latest Practicable Date, Haihe Fund had one limited partner, namely Tianjin Municipal Finance Bureau (天津市財政局), holding approximately 99.75% of the partnership interest.

Hangzhou Yinchen

Hangzhou Yinchen is a limited partnership established in the PRC. Its executive and general partner is Hangzhou Yinzhou Enterprise Management Co., Ltd. (杭州銀舟企業管理有限公司) ("**Hangzhou Yinzhou**"), holding approximately 0.07% of the partnership interest. As of the Latest Practicable Date, Hangzhou Yinzhou was wholly owned by Hangzhou Yince Enterprise Management Co., Ltd. (杭州銀策企業管理有限公司), which was in turn wholly owned by China Yintai Holdings Co., Ltd. (中國銀泰投資有限公司) ("**Yintai Group**"). Yintai Group was owned as to 92.50% by Beijing Guojun Investment Group Co., Ltd. (北京國俊投資集團有限公司) ("**Beijing Guojun**"). Beijing Guojun was wholly owned by Mr. Shen Guojun (沈國軍). Hangzhou

Yinchen had another general partner, namely Yuema Wenwei, holding approximately 0.07% of the partnership interest. As of the Latest Practicable Date, Hangzhou Yinchen had two limited partners, the largest of which was Yintai Group, holding 73.20% of the partnership interest. No other limited partner of Hangzhou Yinchen held 30% or more of the partnership interest.

Zhuoyuan Asia Zhiyu

Zhuoyuan Asia Zhiyu is a limited partnership established in the PRC. Its general partner is Guangdong Zhuoyuan Asia Zhongke Venture Capital Co., Ltd. (廣東卓源亞洲中科創業投資有限公司) ("**Zhuoyuan Asia**"), holding approximately 0.0005% of the partnership interest. As of the Latest Practicable Date, Zhuoyuan Asia was owned as to 65% by Mr. Lin Haizhuo (林海卓). No other shareholder of Zhuoyuan Asia held 30% or more of the equity interest. The sole limited partner of Zhuoyuan Asia Zhiyu is Mr. Wei Wei (魏巍), holding approximately 99.9995% of the partnership interest.

Huangshan Cultural Tourism

Huangshan Cultural Tourism is a limited partnership established in the PRC. Its general partner is Wuhu Hanyuan Private Equity Fund Management Co., Ltd. (蕪湖含元私募基金管理有限公司) ("**Wuhu Hanyuan**"), holding 1% of the partnership interest. As of the Latest Practicable Date, Wuhu Hanyuan was owned as to approximately 74.44% by Mr. Hu Yu (胡煜). No other shareholder of Wuhu Hanyuan held 30% or more of the equity interest. As of the Latest Practicable Date, Huangshan Cultural Tourism had two limited partners, namely Huangshan Tourism Group Co., Ltd. (黃山旅遊集團有限公司) ("**Huangshan Tourism Group**") and Huaiyuan Zhong'an High Quality No.1 Equity Investment Partnership Enterprise (Limited Partnership) (懷遠縣中安高質壹號股權投資合夥企業(有限合夥)) ("**Zhong'an No. 1**"), holding 69.00% and 30.00% of the partnership interest, respectively. Huangshan Tourism Group is wholly owned by Huangshan Municipal Financial Supervision and Administration Bureau (Financial Affairs Office of the People's Government of Huangshan Municipality) (黃山市地方金融監督管理局(黃山市人民政府金融工作辦公室)). The general partner of Zhong'an No. 1 is Anhui Zhong'an Capital Management Co., Ltd. (安徽中安資本管理有限公司) ("**Zhong'an Capital**"), holding approximately 0.99% of the partnership interest. Zhong'an Capital was wholly owned by Anhui Provincial Railway Development Fund Co., Ltd. (安徽省鐵路發展基金股份有限公司), which was in turn controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province (安徽省人民政府國有資產監督管理委員會). The sole limited partner of Zhong'an No. 1 is Huaiyuan Dayu Industrial Investment Group Co., Ltd. (懷遠縣大禹產業投資集團有限公司), which was wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Huaiyuan County (懷遠縣政府國有資產監督管理委員會).

Haostar

Haostar is a limited liability company incorporated in Hong Kong. As of the Latest Practicable Date, Haostar was wholly owned by Joinhands AUTO Spare PARTS Co., Ltd. (眾恆汽車部件有限公司), which was in turn owned as to 70.60% by Mr. Cai Guowei (蔡國偉).

AIC AGREEMENT AND OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Dr. Fang and Mr. Shang entered into the AIC Agreement to ensure the continued stability of our Company's control structure. Pursuant to the AIC Agreement, Dr. Fang and Mr. Shang agreed, among others, to act in concert on matters requiring approval of the Shareholders or the Board, the proposing or voting of any Shareholder or Board resolutions, and the nomination of Directors. In the event of disagreement and failure to reach consensus, the opinion of Dr. Fang shall prevail. The AIC Agreement became effective upon signing and will remain in force until terminated by both parties.

Immediately following the completion of the **[REDACTED]** (taking into account the Share Subdivision and assuming that the **[REDACTED]** is not exercised), Dr. Fang, Mr. Shang, and Xuanyuan Zhitong will collectively hold **[REDACTED]** Shares. Dr. Fang and Mr. Shang are the general partner and sole limited partner of Xuanyuan Zhitong, respectively. Accordingly, Dr. Fang, Mr. Shang, and Xuanyuan Zhitong will constitute our single largest group of Shareholders upon the **[REDACTED]**, collectively holding approximately **[REDACTED]**% of the voting rights in our Company.

PUBLIC FLOAT AND FREE FLOAT

The market capitalization of our Shares upon the **[REDACTED]** is expected to be over **[REDACTED]** but below **[REDACTED]** irrespective of the low-end, mid-point, or high-end of the **[REDACTED]**. Pursuant to Rule 19A.13A(1) of the Listing Rules, the minimum prescribed public float percentage for our Shares would be **[REDACTED]**%, **[REDACTED]**%, and **[REDACTED]**% based on the low-end, mid-point, and high-end of the **[REDACTED]**, respectively.

Immediately following the completion of the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, taking into account the Share Subdivision and assuming that the **[REDACTED]** is not exercised, (i) **[REDACTED]** Unlisted Shares held by our Shareholders, representing approximately **[REDACTED]**% of our total issued Shares, will not be considered as part of the public float as the Unlisted Shares will not be **[REDACTED]** on the Stock Exchange; and (ii) an aggregate of **[REDACTED]** H Shares held by Dr. Fang, Mr. Shang, and Xuanyuan Zhitong (being our single largest group of Shareholders), and Qingdao SAIF, Beijing SAIF, and Beijing Fengyuan (being close associates of Mr. Jiang, our non-executive Director), representing approximately **[REDACTED]**% of our total issued Shares immediately following completion of the **[REDACTED]**, will not be counted towards the public float.

To the best knowledge of our Director, save as disclosed above, immediately following the completion of the **[REDACTED]**, taking into account the Share Subdivision and assuming that the **[REDACTED]** is not exercised, **[REDACTED]** H Shares held by our Shareholders who are not our core connected persons, representing approximately **[REDACTED]**% of our total issued Shares immediately following the completion of the **[REDACTED]**, will be counted towards the public float, which is in compliance with the requirement under Rule 19A.13A(1) of the Listing Rules. In addition, our Company will satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules upon the **[REDACTED]**.

CAPITALIZATION OF OUR COMPANY

Our Company has filed with the CSRC for H Share full circulation to convert an aggregate of **[REDACTED]** Unlisted Shares into H Shares upon the **[REDACTED]**.

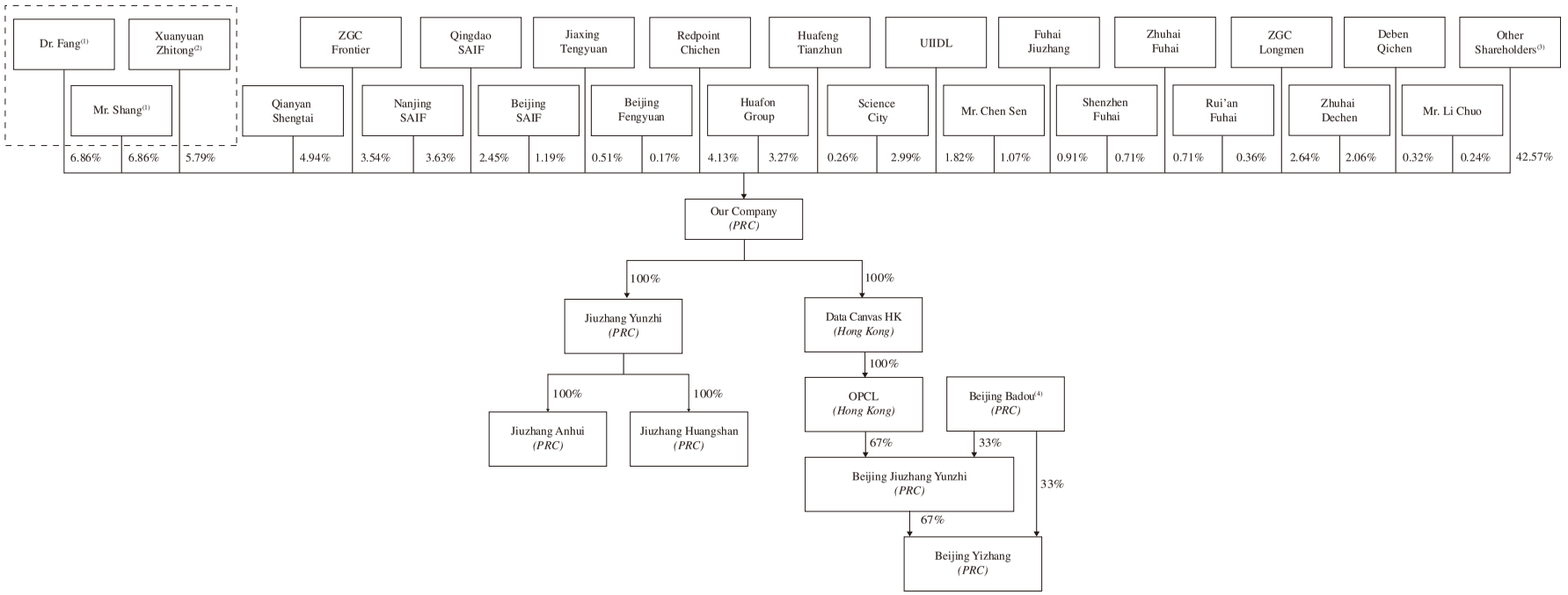
The table below sets out the capitalization of our Company as of the Latest Practicable Date and immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised).

	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (taking into account the Share Subdivision and assuming that the [REDACTED] is not exercised)		
Shareholder	**Number of Unlisted Shares held**	**Approximate shareholding**	**Number of H Shares held**	**Number of Unlisted Shares held**	**Approximate shareholding**
		(%)			*(%)*
Single largest group of Shareholders					
– Dr. Fang	3,686,880	6.86	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Mr. Shang	3,686,880	6.86	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Xuanyuan Zhitong	3,109,888	5.79	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Beijing Frontier					
– Qianyan Shengtai	2,652,053	4.94	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– ZGC Frontier	1,902,791	3.54	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
SAIF entities					
– Nanjing SAIF	1,951,638	3.63	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Qingdao SAIF	1,314,103	2.45	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Beijing SAIF	637,535	1.19	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Jiaxing Tengyuan	273,693	0.51	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Beijing Fengyuan	91,231	0.17	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Redpoint Chichen	2,219,020	4.13	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Huafon entities					
– Huafon Group	1,754,594	3.27	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Huafeng Tianzhun	141,687	0.26	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Science City	1,605,823	2.99	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
UIIDL and individual					
– UIIDL	976,938	1.82	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Mr. Chen Sen	573,782	1.07	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
OFC entities					
– Fuhai Jiuzhang	488,469	0.91	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Shenzhen Fuhai	382,520	0.71	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Zhuhai Fuhai	382,520	0.71	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Rui'an Fuhai	195,387	0.36	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
ZGC Longmen	1,417,030	2.64	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Venus Capital entities and individual					
– Zhuhai Dechen	1,107,359	2.06	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Deben Qichen	170,043	0.32	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Mr. Li Chuo	130,910	0.24	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Suxiang Fund	1,325,553	2.47	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Lingfeng Capital entities					
– Lingfeng Capital	900,602	1.68	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Suzhou Lingfeng	395,953	0.74	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
CEC Haihe	1,190,191	2.22	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hangzhou Yinchen	1,172,326	2.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhuoyuan Asia Zhiyu	1,172,326	2.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Huangshan Cultural Tourism	1,129,848	2.10	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

	As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (taking into account the Share Subdivision and assuming that the [REDACTED] is not exercised)		
Shareholder	**Number of Unlisted Shares held**	**Approximate shareholding**	**Number of H Shares held**	**Number of Unlisted Shares held**	**Approximate shareholding**
		(%)			*(%)*
Haostar	1,081,289	2.01	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Taiping Kechuang	956,303	1.78	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Foshan Datai	951,395	1.77	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Beijing Zhongfa	910,766	1.70	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhihui Yuncheng	785,801	1.46	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Chanrong Hechuang	777,986	1.45	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Xu Zhu	740,167	1.38	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Advantech	701,913	1.31	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Keynovation entities					
– Jiaxing Chengwang	238,807	0.44	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Jiaxing Chengling	238,807	0.44	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Jiaxing Jiacheng	195,388	0.36	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Jiaxing Kehan	32,565	0.06	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Beijing Information Fund	630,893	1.17	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Zhong Bin	600,000	1.12	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Beijing AI Fund	583,576	1.09	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Wuxi Haiyingjia	575,905	1.07	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Hangzhou Junfu	573,782	1.07	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Qiangwei Asset	488,469	0.91	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Kaide Xinghang	468,930	0.87	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Qianhai Fund	429,879	0.80	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tianjin Huaping	397,653	0.74	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Xing Shuke	379,103	0.71	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Yintai Lijin	317,505	0.59	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Huamin Venture	311,303	0.58	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shenzhen Kexi	283,962	0.53	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Zhong Lina	276,706	0.52	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Shoujiantou Cangqiong	244,235	0.45	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Galaxy Yuanhui	220,788	0.41	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Beijing Tianmian	215,233	0.40	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Fan Xiaowei	195,230	0.36	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Chen Ge	191,261	0.36	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Wu Jiading	191,261	0.36	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Yang Wei	119,765	0.22	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Zhuoyuan Gaoke	95,630	0.18	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Ms. Li Na	91,000	0.17	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Li Pan	53,994	0.10	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Xu Hong	44,778	0.08	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Existing Shareholders sub-total:	**53,731,601**	**100.00**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Investors participating in the **[REDACTED]**	–	–	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total:	**53,731,601**	**100.00**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

The chart below sets out the corporate and shareholding structure of our Company and major subsidiaries immediately before the completion of the **[REDACTED]**.



Notes:

(1) Pursuant to the AIC Agreement, Dr. Fang and Mr. Shang had been and will continue to act in concert on all matters relating to our Company's operations, management and decision-making, including matters requiring approval of the Shareholders or the Board, the proposing or voting of any Shareholder or Board resolutions, and the nomination of Directors. For details, see "—AIC Agreement and Our Single Largest Group of Shareholders" above.

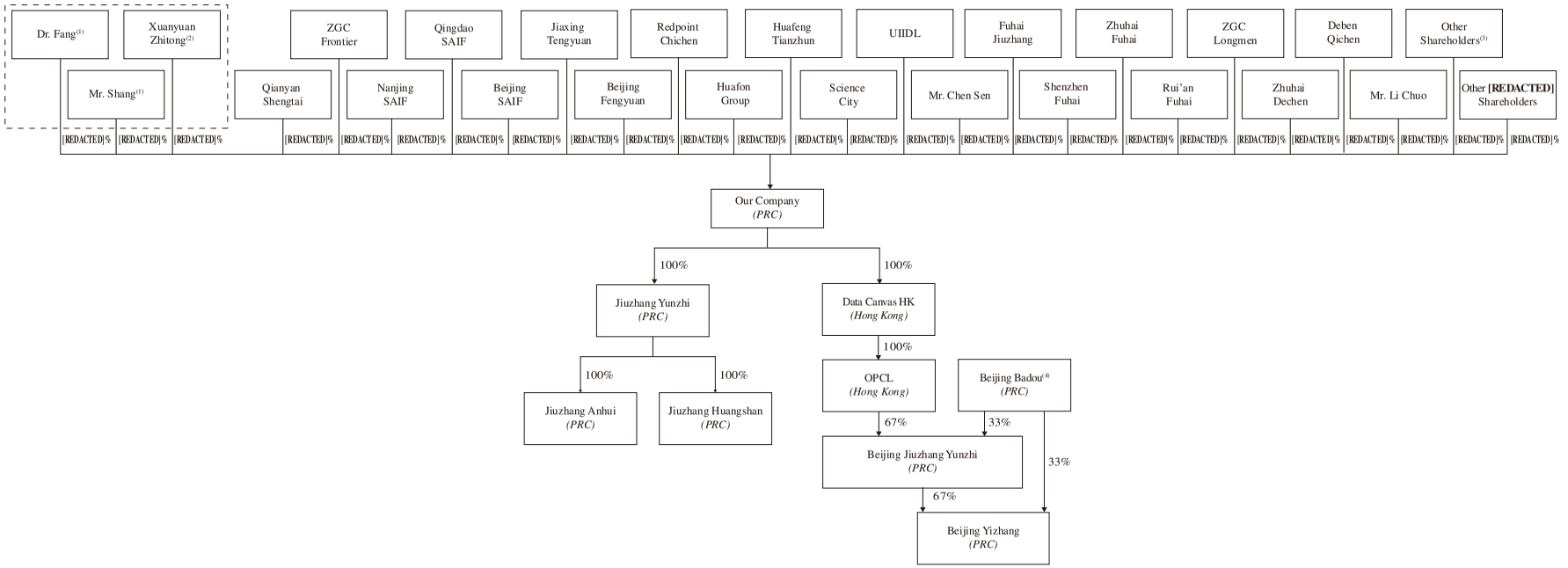
(2) Xuanyuan Zhitong is our equity incentive platform established for the purpose of our Equity Incentive Scheme. For further information regarding the principal terms and participants of the Equity Incentive Scheme, see "Appendix IV—Statutory and General Information—D. Equity Incentive Scheme."

(3) Other Shareholders include Suxiang Fund, Lingfeng Capital, Suzhou Lingfeng, CEC Haihe, Hangzhou Yinchen, Zhuoyuan Asia Zhiyu, Huangshan Cultural Tourism, Haostar, Taiping Kechuang, Foshan Datai, Beijing Zhongfa, Zhihui Yuncheng, Chanrong Hechuang, Ms. Xu Zhu, Advantech, Jiaxing Chengwang, Jiaxing Chengling, Jiaxing Jiacheng, Jiaxing Kehan, Beijing Information Fund, Mr. Zhong Bin, Beijing AI Fund, Wuxi Haiyingjia, Hangzhou Junfu, Qiangwei Asset, Kaide Xinghang, Qianhai Fund, Tianjin Huaping, Mr. Xing Shuke, Yintai Lijin, Huamin Venture, Shenzhen Kexi, Ms. Zhong, Shoujiantou Cangqiong, Galaxy Yuanhui, Beijing Tianmian, Mr. Fan Xiaowei, Ms. Chen Ge, Mr. Wu Jiading, Ms. Yang Wei, Zhuoyuan Gaoke, Ms. Li Na, Mr. Li Pan and Mr. Xu Hong. For the shareholding information of these Shareholders, see "—Capitalization of Our Company" above.

(4) Beijing Badou is a limited partnership established in the PRC. As of the Latest Practicable Date, the general partner and sole limited partner of Beijing Badou were Mr. Zhang Xiaolin (張曉林) ("**Mr. Zhang**") and Mr. Hong Hui (洪輝) ("**Mr. Hong**"), each holding 50% of the partnership interest, respectively. Both Mr. Zhang and Mr. Hong, who are Chinese nationals, are employees of our Company.

CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE [REDACTED]

The chart below sets out the corporate and shareholding structure of our Company and major subsidiaries immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised).



Notes (1) to (4): See notes (1) to (4) to the chart in "—Corporate and Shareholding Structure Immediately before the Completion of the **[REDACTED]**" above.

OVERVIEW

Who We Are

We are a leading AI computing service provider in China, purpose-built to support compute-intensive AI workloads spanning large-scale model training and inference. We build, operate and monetize AI computing capacity. We provide turnkey AI computing infrastructure solutions for AI data center ("**AIDC**") projects and deliver on-demand cloud computing services powered by our proprietary computing operating system. According to CIC, in terms of revenue in 2025, we ranked ninth among AI computing service providers in China and were the only neo AI computing service provider ("**neocloud**") among the top ten, making us the largest neocloud in China. Operating as an AI-native infrastructure provider, we differ from hyperscalers by building our architecture from the ground up around high-density compute deployment, heterogeneous resource orchestration and the operational stability required for model-centric computing demands.

The broader computing industry is undergoing a fundamental transition driven by generative AI, which encompasses large-scale model training and high-concurrency inference. Where general-purpose cloud architectures were historically designed for transactional and web-scale workloads, these combined workloads created a categorically different set of infrastructure demands that legacy CPU-centric cloud environments cannot meet. As a result, compute-optimized, AI-native infrastructure became essential to sustaining continued AI progress, according to CIC. Having established our capabilities through AI Foundation Software ("**AIFS**") services, we pivoted in early 2023 to concentrate our strategic resources on AI computing infrastructure and cloud services, channeling our model engineering expertise across data processing, training orchestration and deployment into the infrastructure layer as enterprise adoption began to accelerate.

Our strategic repositioning placed us at the forefront of China's AI infrastructure build-out, with an operating philosophy centered on accessible computing (普惠算力). We lower the entry threshold for AI computing through heterogeneous scheduling, serverless orchestration and usage-based billing. Our proprietary "One Degree of Compute" (一度算力) standard measures computing power in standardized data computing units ("**DCUs**") and aligns charges with actual compute consumption rather than reserved physical capacity. According to CIC, it is the first quantifiable billing unit of its kind in China's AI computing industry. We have also begun extending this philosophy to model inference, packaging our computing clusters and selected third-party foundation models into standardized inference outputs that customers access through our application programming interfaces ("**APIs**") and pay for by token consumption.

Today, we operate across two primary business lines that connect the creation of AI computing capacity with its monetization. Through our AI Computing Infrastructure Solutions, we act as a turnkey solution provider responsible for architectural design, hardware procurement and integration deployment of AIDCs, integrating our proprietary computing operating system to deliver fully synchronized, production-grade computing facilities for local governments, state-owned enterprises and private enterprises, while also securing long-term access to computing capacity. Through our AI Computing Cloud Services, we monetize our computing power pool by delivering pooled computing, networking and storage resources via our proprietary AI-native platform, serving enterprise customers and developers primarily through subscription, pay-as-you-go and dedicated computing clusters.

We secure computing capacity primarily through long-term arrangements rather than by building and owning facilities ourselves. Our partners, including facility owners and computing infrastructure funds, fund facility construction, while we provide the full suite of technical and operational capabilities spanning hardware procurement, architectural design, system deployment and ongoing operational management. This arrangement requires less upfront capital than self-building and allows us to expand regional capacity quickly. As we scale, we intend to complement this arrangement with selective self-built infrastructure to strengthen long-term asset control, support the deployment of our proprietary computing operating system and improve unit economics.

Our business has scaled rapidly across operational and financial fronts. To secure operational consistency, we maintain comprehensive control over our computing resources throughout their operational life, spanning facility architectural planning, system deployment and daily dynamic scheduling powered by our proprietary computing operating system. As of the Latest Practicable Date, our controllable computing capacity exceeded 29,000 PFLOPS across seven provinces in China under our "Centralized Orchestration + Regional Nodes" framework, positioning us among the leading neoclouds in China by contracted lifecycle-controlled capacity according to CIC. We served over 150 enterprise customers with our AI Computing Infrastructure Solutions and AI Computing Cloud Services as of the Latest Practicable Date. Our revenue grew from RMB106.2 million in 2023 to RMB395.5 million in 2024, to RMB1,098.2 million in 2025, a near tenfold increase over two years, and from RMB306.4 million for the six months ended June 30, 2025 to RMB588.4 million for the six months ended June 30, 2026, as enterprise demand for intelligent infrastructure accelerated and monetization deepened across both business lines.



Notes:

(1) according to CIC

(2) calculated by dividing our total revenue in 2025 by our total revenue in 2023, raising the resulting quotient to the power of one-half, and subtracting one from the subsequent result

(3) as of Latest Practicable Date, according to CIC

(4) across four critical domains, namely compute scheduling, model training, model inference and data processing, according to CIC

Our Market Opportunities

The rapid scaling of AI has created a structural demand inflection for computing infrastructure. According to CIC, the market size of China's AI infrastructure industry exceeded RMB371.1 billion in 2025, and is expected to surpass RMB1,672 billion by 2030, representing a CAGR of approximately 35.1% from 2025 to 2030. Within that broader market, China's AI computing services market reached approximately RMB68.4 billion in 2025 and is expected to exceed RMB277.5 billion by 2030, reflecting a CAGR of 32.3% over the same period. Within China's AI computing services market in 2025, AI computing infrastructure solutions contributed approximately RMB14.8 billion, while AI computing cloud services accounted for more than RMB53.6 billion.

This growth reflects a compounding expansion of AI computing demand that continues to redefine the infrastructure requirements of the industry. Model training established the first wave of demand, requiring sustained, high-density compute capacity at a scale general-purpose infrastructure was never designed to absorb. As models matured and deployment broadened, inference overtook training as the dominant consumption vector, embedding AI processing into enterprise and individual workflows at massive, continuous scale. This shift is increasingly propelled by the convergence of agentic AI, embodied AI, and physical AI, where autonomous systems, robotic intelligence, and physically-aware cognitive models execute complex, multi-step tasks continuously around the clock. Token factories have since elevated this further, converting inference from episodic demand into a persistent, industrial-grade production paradigm. What unites each of these transitions is a single imperative: AI workloads require purpose-built infrastructure, delivering the computing density, resource elasticity and operational stability that general-purpose cloud architecture was not designed to provide.

China's AI computing services market includes two primary groups of participants: hyperscalers and neoclouds. Hyperscalers are subject to two constraining factors: general-purpose infrastructure that carries significant adaptation friction for AI workloads, and proprietary model development interests that create structural conflicts with the independent developers and enterprises they serve. Neoclouds offer a distinct value proposition grounded in business neutrality and technical specialization, combining AI-native architecture, complete commercial neutrality, heterogeneous hardware compatibility and consumption-based commercial models that align infrastructure costs with actual compute utilization. The structural advantages of neoclouds are reflected in market share trajectory. According to CIC, neoclouds are projected to increase their share of China's AI computing services market from 15.7% in 2025 to 27.3% by 2030, outpacing overall market growth and demonstrating the deepening commercial validation of the AI-native, neutral infrastructure model.

Our Technological Prowess

Our offerings are built on an AI-native architecture engineered from the ground up around the specific demands of model-centric workloads, where compute, network, storage and system resilience are designed to operate in total synchrony. This architectural coherence is what separates AI-native infrastructure from general-purpose systems retrofitted for AI demand.

To achieve this specialized performance, we have optimized each layer of our infrastructure:

- **Compute Layer.** We orchestrate our computing power pool, which comprised over 29,000 PFLOPS of controllable computing capacity as of the Latest Practicable Date. Our topology-aware intelligent scheduling perceives the physical proximity of hardware to assign tasks to the most efficient computing clusters, maximizing communication speed and minimizing cross-node latency. By combining accelerator-level enhancements with specialized communication libraries and joint hardware-software acceleration, we significantly reduce interaction latency and boost overall computational throughput under sustained production conditions.

- **Network Layer.** We deploy an optimized "rail-optimized" interconnectivity topology that enables high-bandwidth, low-latency communication across nodes. This architecture eliminates traffic conflicts across switches by creating direct connections for hardware of the same rank. Furthermore, we utilize in-network computing where data is processed by switches during transmission, which can double the performance of collective communication tasks and achieve network bandwidth utilization exceeding 95%. This network design prevents communication overhead from constraining compute throughput, a critical requirement for large-scale distributed training.

- **Storage Layer.** We have developed a high-performance hybrid storage system optimized for AI data patterns. The system accommodates the rapid saving of model progress ("**checkpointing**") for large-scale models and differentiates between different file types to maximize data throughput. It is architected to manage and access data at exabyte scale, allowing compute resources to operate at their designed utilization ceiling across training and inference pipelines.

- **System Layer.** We have embedded resilience mechanisms at the system level, including automated hardware fault detection, rapid node isolation and restart capabilities. To mitigate the prolonged provisioning bottlenecks common in legacy infrastructures, our proprietary automated cluster deployment methodology replaces traditional network-booting processes with a virtualized disk and network interface architecture. In real-world enterprise deployments across thousand-node clusters, this methodology shortens comprehensive expansion time by over 85% and accelerates node provisioning velocity by more than sevenfold.

Beyond physical orchestration, we are extending our architectural capabilities into the model execution and output layers through AI Factory, a technology architecture under continued development. AI Factory comprises Training Factory, which supports large-scale model pre-training and reinforcement learning, and Token Factory, which is designed to drive high-throughput model inference by combining automated model deployment, dynamic memory allocation and distributed caching to maximize token generation efficiency. To optimize cluster performance under continuous inference workloads, we are developing our Alaya Atom Pod reference architecture to decouple compute resources across the prefill and decode stages of model execution. Featuring a distributed Key-Value Cache layer designed to store, transfer and reuse intermediate inference states, Alaya Atom Pod is intended to minimize redundant matrix computation across long-context and multi-turn agentic workflows and lower per-token computing overhead.

Complementing our production engines, our ModelOps toolchain spans the full lifecycle of AI development, from data processing and training orchestration to deployment and iterative optimization, within a unified operating environment. Building on this foundation, our AgentiCTRL reinforcement learning environment streamlines post-training and alignment workflows by abstracting underlying infrastructure complexities into programmable interfaces. This architecture shortens policy-tuning cycles and allows application teams to decouple algorithmic target optimization from cluster management, accelerating the deployment of autonomous workflows.

The efficiency and stability of our architecture is reflected in performance benchmarks. The commercial efficacy of our integrated architecture is validated by high-standard operational benchmarks. During continuous production runs under full-load conditions, our infrastructure sustained a Model FLOPs Utilization ("**MFU**") of 54.1% with a day-to-day variance of only 1.60%, falling well within the stringent 2% industry stability threshold and surpassing the industry average MFU range of 30% to 50%, according to CIC. These outstanding metrics substantiate our platform's capacity to maintain high effective computing utilization and consistent operational stability by minimizing communication overhead and reducing hardware-induced training disruptions during large-scale distributed tasks.

To continuously refine our offerings against real-world technical boundaries, our research teams actively track frontline generative AI trends by tuning prototype architectures on our infrastructure. Demonstrating the orchestration efficiency of our environment, the DART-GUI-7B model trained entirely on our AgentiCTRL infrastructure achieved first place in the global OS World 7B benchmark track under a 30-iteration setting in 2026.

Our Offerings

Our technologies are commercialized through two primary service lines. We translate underlying scheduling, orchestration and infrastructure capabilities into usable products accessible to our customers.

AI Computing Infrastructure Solutions

Through our AI Computing Infrastructure Solutions, we act as a turnkey solution provider responsible for architectural design, hardware procurement and integration deployment of AIDCs, serving local governments, state-owned enterprises and private enterprises who require production-grade computing facilities purpose-built for AI workloads. Our solutions address the full lifecycle of AIDC development, from early-stage demand assessment and architectural design, through hardware procurement and system integration, to the "lighting-up" of each AIDC and ongoing capacity optimization. Rather than delivering discrete components, we convert fragmented hardware into coherent, AI-ready facilities calibrated for the specific workload profiles of each customer.

The technical foundation of our infrastructure solutions is Alaya NeW OS, our proprietary computing operating system that functions as the platform control layer across all AIDC deployments. Alaya NeW OS provides full-stack optimization that abstracts heterogeneous hardware and synchronizes compute, network and storage resources within a single framework, allowing developers to manage high-performance compute resources with the same operational simplicity as a traditional desktop scheduler. According to CIC, Alaya NeW OS is the first AI operating system in China to receive certification

from the China Academy of Information and Communications Technology (the "**CAICT**") across four critical domains, namely compute scheduling, model training, model inference and data processing. This certification reflects compliance with national-level standards in system design, operational reliability and technical robustness, and provides our government, state-owned enterprise and regulated industry customers with an independently validated infrastructure foundation.

AI Computing Cloud Services

Through our AI Computing Cloud Services, we deliver standardized, pooled computing, networking and storage resources via Alaya NeW Cloud, our proprietary AI-native development and production platform. Alaya NeW Cloud serves as a serverless delivery interface, providing a unified environment that automates resource allocation and eliminates the operational fragmentation of traditional cloud services.

Our cloud portfolio is structured into two primary service tiers to facilitate varying scales of demand:

- **Virtual Kubernetes Service ("VKS")** is designed for customers running inference and fine-tuning workloads that require flexible, elastic computing resources. Utilizing a serverless architecture, VKS provides automated scaling and resource allocation based on real-time demand, allowing development teams to absorb burst-intensive or cyclical workloads without reserving redundant physical capacity. VKS offerings are metered in DCUs under our One Degree of Compute standard, which aligns costs with actual compute consumption.

- **Dedicated Kubernetes Service ("DKS")** is designed for enterprise customers undertaking large-scale, hyper-scale model training that requires sustained performance isolation and operational stability. DKS provides exclusive access to dedicated computing clusters, delivering the consistency and reliability that the most intensive distributed training workloads demand. Customers subscribe to DKS offerings for agreed subscription periods, which provides us with recurring revenue and visibility over the subscription term.

We also launched Alaya Token, a managed model inference service that gives customers access to selected third-party large language models through unified APIs, billed primarily on token consumption. Alaya Token is supported by our Token Factory architecture and passed the High-Quality Token Cloud Service Capability Assessment conducted by the CAICT in 2026. As of the Latest Practicable Date, we entered into approximately ten contracts for Alaya Token services, and no revenue from this arrangement was recognized during the Track Record Period.

Our Financial Performance

We recorded robust and sustained growth during the Track Record Period. For the years ended December 31, 2023, 2024, 2025 and for the six months ended June 30, 2025 and 2026, our revenue amounted to RMB106.2 million, RMB395.5 million, RMB1,098.2 million, RMB306.4 million and RMB588.4 million, respectively, and our gross profit reached RMB43.2 million, RMB46.3 million, RMB191.4 million, RMB56.3 million and RMB182.4 million, respectively. Our adjusted net loss for the years/periods (non-IFRS measure) ended December 31, 2023, 2024, 2025 and June 30, 2025 and 2026 were RMB194.3 million, RMB206.2 million, RMB91.3 million, RMB59.9 million and RMB14.9 million, respectively.

OUR STRENGTHS

Leading Neocloud Grounded in an Open Ecosystem

We were among the first AI computing service providers in China to focus specifically on AI-driven computing demand. According to CIC, in terms of revenue in 2025, we ranked ninth among all AI computing service providers and the only neocloud among China's top ten AI computing service providers. We do not commercialize proprietary foundation models, nor do we build AI applications. Our conviction on AI computing cloud services makes us a neutral infrastructure partner of choice, one that competes with none of our customers in any downstream market, and on whose infrastructure independent model developers, enterprises, government institutions and state-owned enterprises can build without strategic compromise. According to CIC, neoclouds are projected to increase their share of China's AI computing services market from 15.7% in 2025 to 27.3% by 2030, reflecting the deepening market preference for neutral, purpose-built AI infrastructure.

Our market leadership is reflected in our customer base. The number of enterprise customers for our AI Computing Infrastructure Solutions and AI Computing Cloud Services was three, seven, 82, 45 and 87 in 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, respectively. Forrester recognized us as a "Strong Performer" in global AI infrastructure cloud platforms and ranked us among the leaders in accessible compute utilization efficiency in the Asia-Pacific region. According to IDC's 2025 *IDC MarketScape*: China Computing Center Operations and Services Vendor Assessment, we were positioned in the "Major Players" category. We were also included in the 2024–2025 "China Unicorn TOP50" and "AI Industry Innovation Leaders TOP50" rankings published by China Renaissance's Rongo Group. We have received multiple national-level recognitions. Specifically, we were designated as a National-level "Key Little Giant" Enterprise by the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") in 2025, an elite category within the national "Little Giant" program that honors novel, high-performing small and medium-sized enterprises in specialized fields. These recognitions reflect our technological capabilities and sustained development track record. Reflecting our position at the forefront of the industry ecosystem, we have also participated in the formulation of national and industry standards. As a core drafting participant, we contributed to the development of China's inaugural large language model industry standard, Technical and Application Evaluation Method for Large-Scale Pre-trained Models (大規模預訓練模型技術和應用評估方法), as well as the establishment of technical requirements for AI research and operations integration (人工智能研發運營一體化), large language model inference platform (大模型推理平台技術要求), large language model training platform (大模型訓練平台技術要求) and large language model data processing platform (大模型數據處理平台技術要求). Such standards constitute the foundational framework for the large language model ecosystem in China.

AI-Native Architecture and Sustained R&D Capabilities

We have built a proprietary AI-native architecture designed specifically for the rigorous demands of large-scale model training, inference and reinforcement learning workloads, supported by sustained and deepening R&D investment. As of June 30, 2026, we employed more than 150 R&D personnel, representing over 50% of our total workforce. As of the Latest Practicable Date, we had obtained 125 registered patents, forming a forward-looking technology portfolio.

The depth of our R&D capabilities is reflected in independent technical validations. Alaya NeW OS, our proprietary computing operating system, is the first AI operating system in China to receive certification from the CAICT across four critical domains: compute scheduling, model training, model inference and data processing. In 2026, our Alaya NeW Cloud successfully passed the Intelligent Computing Cloud Platform Capability Assessment conducted by the CAICT. Our technical architecture has been rigorously tested under standard engineering conditions. In a 30-day continuous production run across 504 leading-generation AI compute accelerators at a 63-node scale, our infrastructure sustained an MFU of 54.1%, equivalent to approximately 535 TFLOPS per accelerator, with a day-to-day MFU variance of 1.60% on Qwen2.5-72B-Instruct pre-training workloads. This sustained efficiency significantly exceeds the industry average at a comparable parameter scale according to CIC, providing a transparent proof point of our advanced engineering design.

Our specialized R&D teams actively explore state-of-the-art model engineering methodologies to ensure our platform remains optimized for next-generation architectural shifts. As a benchmark of our infrastructure's capability to support highly complex reinforcement learning workloads, the DART-GUI-7B model trained on our proprietary platform achieved first place in the OS World 7B track under a maximum 30-iteration setting in 2026. This evaluation underscores our capacity to enable rapid algorithmic iterations, reinforcing our core market position as a pure-play infrastructure and platform software provider. Our applied research contributions have been regularly presented at leading international AI conferences including ICLR, NeurIPS, ACL and AAAI, reflecting our engagement across both applied hardware engineering and foundational software optimizations.

Our R&D investment focuses on fostering the systematic accumulation of engineering experience across our platform. Rather than pursuing isolated development projects, our full-lifecycle engineering framework ensures that technological insights derived from recurring model deployments are directly integrated into the ongoing refinement of our computing operating system and platform software. This continuous optimization process allows us to progressively improve hardware-software synergy, enhance compute utilization efficiency of our platform, and strengthen the long-term technological capabilities of our core architecture with each successive deployment.

Innovations Redefining AI Compute Consumption

AI computing cloud services have traditionally been priced on a time-based basis, through hourly, monthly or annual leasing of defined hardware specifications. Time-based billing suits sustained, predictable workloads such as large-scale pre-training. For fluctuating workloads, including inference, fine-tuning and burst-intensive training, it leaves customers paying for idle capacity or waiting for capacity during demand surges. According to CIC, billing in China's AI computing cloud services market is evolving from supply-side, time-based pricing toward consumption-based metering. We have been at the forefront of this shift through two innovations, an AI-native serverless architecture that delivers elastic resource orchestration, and a proprietary compute metering standard that aligns commercial logic with actual consumption.

Our serverless architecture embeds resource scheduling and capacity scaling logic directly within the system. Compute resources are allocated automatically according to task requirements, with expansion and contraction executed within seconds. Through our proprietary compatibility layer, workloads can be orchestrated across heterogeneous accelerator architectures within a single computing environment, abstracting underlying hardware complexity and delivering stable, adaptive computing solutions across varying resource configurations. This architecture eliminates redundant capacity reservation for customers with cyclical or burst-intensive demand and improve utilization efficiency across our clusters.

Our "One Degree of Compute" standard is, according to CIC, the first quantifiable billing unit of its kind in China's AI computing industry. Benchmarked against energy measurement principles, it abstracts computing capacity into standardized DCUs and is protected by our proprietary patents including our accessible computing technology and computing resource package framework granted in 2025. Supported by proprietary software plugins that enable real-time tracking of heterogeneous resource consumption, this framework shifts the commercial logic from time-based server occupancy to actual computational consumption, allowing customers to pay based on measurable compute output rather than reserved physical capacity. This lowers the entry threshold for mid-sized enterprises, small enterprises and individual developers, and broadens our customer base beyond large institutional customers.

Alaya Token, our managed inference service at an early stage of commercialization, extends this consumption-based approach from compute units to token consumption. By abstracting underlying infrastructure deployment into standard API interfaces, Alaya Token delivers managed model inference charged on actual input and output token consumption. Supported by our Token Factory architecture, this service broadens our accessible computing philosophy from raw compute units into granular token consumption, allowing customers to utilize large language models without the capital or operational overhead of independent cluster management.

These innovations collectively lower the entry threshold for high-performance AI infrastructure, improve cluster utilization and position us at the forefront of the industry's shift toward consumption-based computing.

Long-Term Controlled Capacity and Full-Lifecycle Delivery Capabilities

We secure computing capacity through long-term arrangements that give us operational control over each facility throughout its operational life. Our AI Computing Infrastructure Solutions projects serve as our primary channel for securing this capacity, supplemented by long-term leases of third-party AIDCs and servers owned by us. Under this arrangement, industrial partners fund primary physical facility construction, while we assume direct responsibility for architectural design, system integration and ongoing operational management. This requires less upfront capital than self-building and allows us to expand across regions quickly. To complement this velocity and secure absolute long-term infrastructural control, we are seeking selective self-built strategies. Such balanced asset-mix ensures that our expanding capacity remains structurally stable and protected from supply-side volatility, allowing us to capture the cost efficiencies of owned infrastructure while sustaining rapid cross-regional scaling.

Our long-term control over our underlying computing resources serves as the indispensable foundation for our technological and commercial innovations. Alaya NeW OS, our software stack and our One Degree of Compute billing model depend on stable, deeply integrated infrastructure to optimize heterogeneous scheduling. They cannot function effectively on fragmented, short-term third-party rentals. This unique alignment of hardware-software synergy sets us apart from traditional infrastructure resellers who lack our integrated technology stack and asset-structuring capabilities. As of the Latest Practicable Date, the controllable computing capacity under our centralized orchestration and regional nodes architecture exceeded 29,000 PFLOPS, positioning us among the leading neoclouds in China by lifecycle-controllable computing power capacity, according to CIC.

We provide comprehensive services covering the full lifecycle of intelligent computing center development. Our process spans early-stage demand assessment and architectural design, mid-stage system integration and deployment, and ongoing operational optimization. During the integration phase, we conduct rigorous compatibility validation and stress testing to align multi-vendor hardware within our unified orchestration framework. During the operational phase, we continuously refine resource allocation and workload distribution to accommodate evolving model sizes and application requirements, enabling automated and high-efficiency resource deployment across our entire cross-regional cloud network.

The combination of adaptive infrastructure deployment strategies and standardized lifecycle delivery processes enables us to scale our footprint while maintaining operational discipline and risk control. Such diversified approach establishes a repeatable pathway for regional expansion and sustained capacity growth.

Visionary Leadership Driving Sustained Innovation

Our management team combines deep academic rigor with global industry expertise, providing us with the architectural DNA and strategic foresight necessary to lead the AI computing service industry. Dr. Fang Lei, our Chairman, served as a project leader at Microsoft headquarters for the incubation of Microsoft Azure and the development of its data center management systems. His subsequent role in designing big data indexing and machine learning-based search architectures for Bing established our core expertise in integrating infrastructure with artificial intelligence. Mr. Shang Mingdong, our Vice Chairman, brings extensive software engineering experience from Microsoft headquarters, specializing in the stability and scalability of large-scale systems. His expertise in engineering management allows us to translate advanced research into commercially viable AI-native products, enabling efficient delivery and operational reliability.

Drawing on this background, we have actively captured the rapid expansion of AI computing cloud services. We were among the first in our market to articulate and implement the concepts of accessible computing and reinforcement learning cloud services as practical infrastructure strategies rather than theoretical constructs.

Guided by this strategic direction, we have built a research and development team that integrates engineering execution capability with advanced research competence. Our research contributions have been presented at leading international AI conferences, including ICLR, NeurIPS, ACL and AAAI, reflecting engagement with both applied engineering and foundational AI research topics.

To sustain the iteration and commercialization of our computing platform and related technologies, we have continued to expand our R&D organization. As of June 30, 2026, we employed more than 150 R&D personnel, representing over 50% of our total workforce.

OUR STRATEGIES

We aspire to create intelligence and explore the unknown, envisioning a future where we empower enterprises globally through intelligent transformation. Grounded in this purpose, we deliver turnkey AI computing infrastructure solutions and AI-native cloud services powered by our proprietary computing operating system. By removing the technical and economic barriers to computing, we enable organizations across diverse sectors to deploy advanced models, optimize operational efficiency and realize sustained commercial value in the AI era.

Execute our AI-first technology roadmap through continuous R&D and architectural innovation

We intend to solidify our market leadership by embedding AI-first principles across our entire product offerings and R&D framework. We plan to systematically increase our R&D investment, focusing on the evolution of our computing operating system, toolchains and Agentic AI capabilities.

Our primary focus will be the optimization of our proprietary unified orchestration engine for heterogeneous computing resources. By enhancing elastic resource management and distributed training efficiency, we aim to meet the burgeoning global demand for ultra-large-scale (10,000-PFLOPS class) model training and high-concurrency inference.

In tandem, we plan to implement our token factory strategy to address the structural shift toward scalable model utilization. We intend to build our token factory as a core engine to optimize end-to-end inference throughput. By employing automated scheduling and memory management, this architecture is engineered to provide high-volume token generation at reduced unit costs across individual, enterprise and research application segments, helping our customers deploy cost-effective AI solutions at scale.

We intend to strengthen our core technological capabilities by pursuing advanced initiatives in reinforcement learning, multi-agent collaboration, and energy-efficient computing to enhance our underlying infrastructure performance. We will continue to attract world-class talent in system software and cloud architecture while deepening partnerships with global research institutions to bridge the gap between fundamental AI research and industrial-grade engineering.

Expand our offering matrix and open-source ecosystem

To capture a broader spectrum of enterprise demand, we will continue to refine our tiered service offerings. We plan to optimize our compute package products and elastic container clusters, providing a cost-efficient, high-performance environment for general AI workloads. For enterprise customers with stringent security and regulatory requirements, we provide isolated resource pools and network environments to ensure industrial-grade stability and safety.

Furthermore, we are committed to building and optimizing our open-source ecosystem. By investing in ecosystem operations, we aim to enhance the reusability of our AI toolchain, lower the barrier to entry for developers, and ultimately maximize the long-term commercial value and compounding software equity derived from our core platform architecture.

Scale computing capacity and strengthen full-stack infrastructure capabilities

We intend to systematically expand our lifecycle-controlled computing capacity. We will continue to secure capacity through long-term arrangements with facility owners, deepening strategic alliances with telecommunications operators, infrastructure investors and government entities to co-operate next-generation computing centers and will complement these arrangements with selective self-built infrastructure.

As an active participant in regional computing interconnection initiatives, our platform features a distributed architecture characterized by centralized orchestration and regional nodes. Powered by our proprietary Alaya NeW OS kernel, this architecture supports task migration across disparate geographies and hardware clusters. We aim to leverage our end-to-end expertise spanning computing center planning, technological construction and software-defined orchestration to provide bespoke infrastructure solutions for regulated industries. Utilizing Alaya NeW OS as the foundational operating system for automated token production, we aim to facilitate the standardization and broad liquidity of computing power.

Deepen ecosystem synergies to broaden customer reach and commercial boundaries

We plan to foster a robust collaborative network with domestic and international hardware manufacturers, independent software vendors and research bodies. This ecosystem-led approach allows us to deliver full-stack, localized solutions that integrate underlying hardware with high-level application software.

We are systematically enhancing our go-to-market efficiency through collaborating with partners on flagship projects to demonstrate the tangible return-on-investment of our solutions and leveraging our partners' established sales networks to penetrate new verticals and accelerate the "land-and-expand" strategy within our existing customer base. By combining our standardized computing infrastructure and specialized AI toolchain with our accumulated sector-specific know-how, we establish a highly repeatable delivery paradigm that enables our Group to rapidly replicate our successes and capture expanding market opportunities across parallel or adjacent industries.

Accelerate global expansion to capture the AI infrastructure opportunity

We are committed to a systematic international expansion, positioning our Alaya NeW OS as a neutral, cross-platform layer that addresses the global need for Sovereign AI. Our technology is uniquely engineered for heterogeneity, allowing for cross-vendor resource scheduling while maintaining strict compliance with local data residency and security regulations.

Building upon our established footprints in key growth markets across Southeast Asia, which are exemplified by our technical collaborations with research institutions in Singapore and our active project deployment with a leading telecommunications operator subsidiary in Indonesia which has commenced yielding initial revenues, we intend to further invest in the development and operational optimization of localized computing hubs overseas. By serving as a trusted partner for regional governments and enterprises seeking to construct autonomous computing architectures, we aim to diversify our revenue streams and capture localized structural growth. To broaden our long-term strategic horizon, we plan to progressively replicate our localized partnership model across other strategic regions, targeting high-growth expansion opportunities across Asia, the Middle East and Europe, including Japan, Saudi Arabia, the United Arab Emirates and Spain.

OUR BUSINESS MODEL

Overview

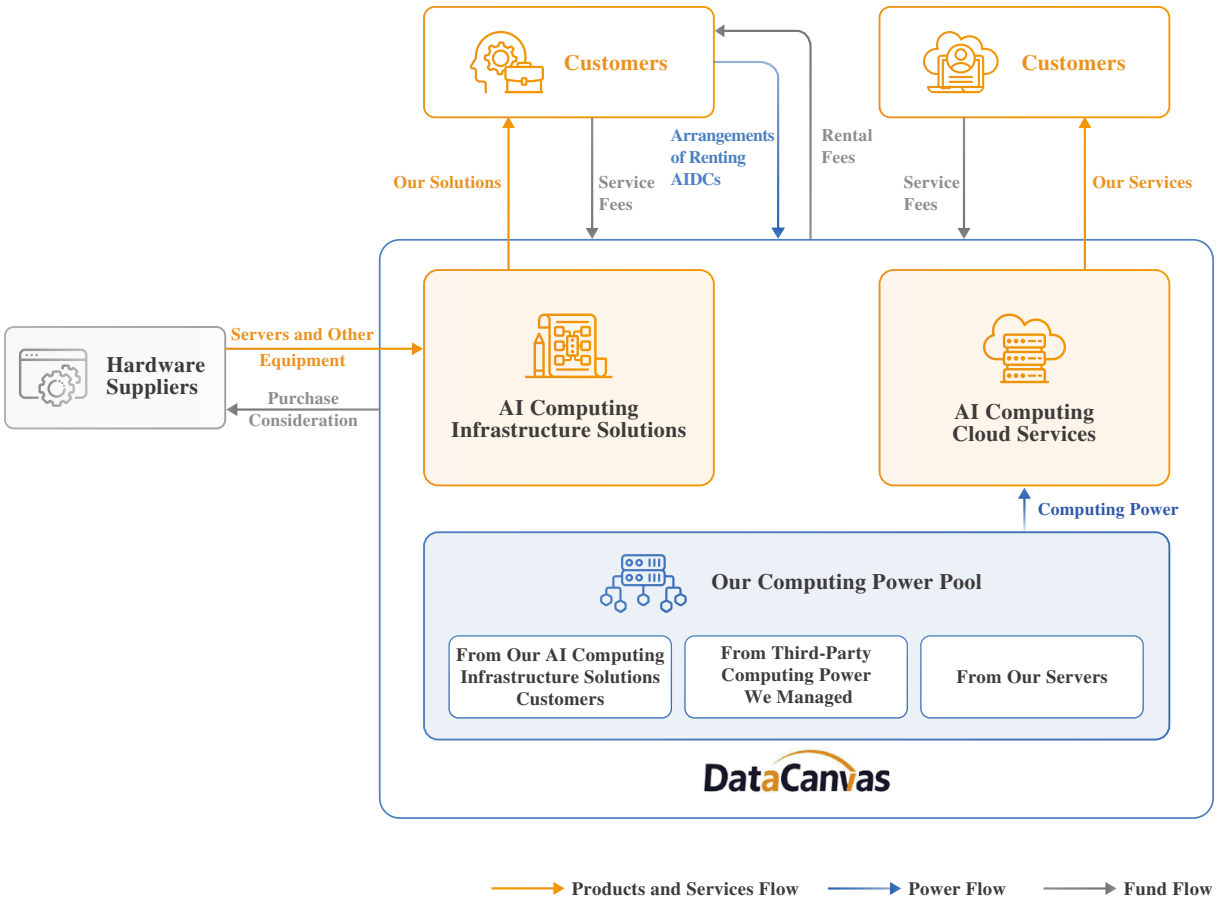
We operate a dual-engine business model centered on AI Computing Infrastructure Solutions and AI Computing Cloud Services. Our model creates a closed loop of AI computing power supply and consumption, allowing us to rapidly expand physical intelligent computing infrastructure while lowering the barrier to entry for AI development.

- ***AI Computing Infrastructure Solutions.*** We address the fundamental shortage of computing power by enabling the rapid deployment of large-scale AI infrastructure. We deliver turnkey solutions and are responsible for the architectural design, hardware procurement and integration deployment of AIDCs, combining our engineering expertise and the capabilities of our Alaya NeW OS.

- ***AI Computing Cloud Services.*** We enhance the accessibility and efficiency of computing power through our Alaya NeW Cloud platform. By virtualizing physical resources into granular, on-demand services, we maximize the utilization rate of infrastructure and facilitate broader access to computing.

Our AI Computing Infrastructure Solutions and AI Computing Cloud Services operate as two synergistic components of our business model. Through our AI Computing Infrastructure Solutions, we integrate hardware equipment procured from third-party hardware suppliers with our engineering and software capabilities to deliver AIDCs for our customers. Following the delivery of an AIDC, we may, where commercially justified, lease a designated portion of the AIDC from the customer under a separate agreement to generate computing power. In parallel, we obtain computing power by managing computing power generated from the AIDCs of third parties under cooperation arrangements, pursuant to which we carry out technical upgrades and standardization of the leased facilities. We also obtain computing power from servers owned by us. We aggregate these computing resources into our computing power pool. Leveraging this computing power pool, our AI Computing Cloud Services provide computing power resources to our customers. This model connects the construction of computing infrastructure with the subsequent operation and commercialization of computing power, creating synergies between our two business segments and supporting a closed loop of computing power supply, aggregation and consumption. To support the continued expansion of our computing power pool while maintaining capital efficiency, we also cooperate with infrastructure investors, including computing infrastructure funds, through project-level arrangements. We intend to continue to explore capital-efficient cooperation models with suitable partners to support the scalable expansion of our computing capacity. See "—AI Computing Cloud Services—Our Computing Power Pool" and "—Overlapping of Our Customers and Suppliers" for more details.

The following diagram illustrates the synergy between our dual-engine business model:



In addition to our core dual-engine offerings, we provide AIFS Services. AIFS Services consist of customized AI software solutions tailored for professional institutions. Such solutions provide tools that assist customers in developing, training and deploying AI models to facilitate internal workflows.

The table below summarizes our offerings, business models, and the corresponding pricing and revenue recognition policies by business segment:

Business Segment	Offering Type	Business Model	Pricing	Revenue Recognition
AI Computing Infrastructure Solutions	Project-based Solutions	We provide turnkey services for the establishment of AIDCs, including architectural design, hardware procurement and integration deployment of AIDCs. We deliver the solution to local governments, their departments, SOEs and private enterprises. We typically acquire projects through a bidding and tendering process.	Typically a fixed-price contract determined through bidding, factoring in procurement costs, software licensing, integration complexity, and the scale of the computing cluster.	Primarily recognized at a point in time upon customer acceptance.

Business Segment	Offering Type	Business Model	Pricing	Revenue Recognition
AI Computing Cloud Services	Virtual Kubernetes Service ("**VKS**")	Flexible, serverless computing resources for customers including AI enterprises, research institutions and developers, utilizing our DCU standard. We offer VKS under two models: subscription model for stable but elastic demand, and pay-as-you-go model for flexible needs.	(i) **Subscription:** Charged based on the subscription to a prepaid resource package. (ii) **Pay-as-you-go:** Charged based on the actual consumption of DCUs.	Recognized ratably over the contract period for subscription-based arrangements or based on actual consumption for usage-based arrangements.
	Dedicated Kubernetes Service ("**DKS**")	Provision of exclusive access to computing clusters for customers including AI enterprises, research institutions and developers, ensuring stability and performance isolation. Customers subscribe for our DKS offerings to gain access to dedicated hardware resources managed by our platform.	Time-based subscription, charged based on the scale of dedicated resources and the subscription period.	
	Alaya Token	Managed model inference service providing users with API-based access to selected third-party large language models. Customers consume model inference output without procuring or directly managing the underlying computing resources or model deployment environment.	Usage-based pricing based primarily on actual input and output token consumption. Unit rates may vary by selected model and service specifications.	Recognized based on actual token consumption as the relevant inference services are provided. No revenue from Alaya Token services was recognized during the Track Record Period.
AIFS Services	Project-based Solutions	We provide customized AI software solutions tailored for professional institutions. Operating on a project basis, we deliver a comprehensive software platform with integrated toolsets. These solutions are typically delivered to customers as a complete product.	Typically a fixed-price contract determined through commercial negotiation or bidding, factoring in the complexity of software customization, development hours, and specific functional requirements.	Primarily recognized at a point in time upon customer acceptance for fully customized products.

During the Track Record Period, we generated revenue primarily from AI Computing Infrastructure Solutions, AI Computing Cloud Services and AIFS Services. The table below sets forth a breakdown of our revenue by business segments during the Track Record Period:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	(RMB in thousands)	*%*	*(RMB in thousands)*	*%*	*(RMB in thousands)*	*%*	*(RMB in thousands)*	*%*	*(RMB in thousands)*	*%*
							(unaudited)			
AI Computing Infrastructure Solutions	24,938	23.5	333,963	84.4	1,001,958	91.2	269,449	87.9	434,046	73.8
AI Computing Cloud Services	–	–	196	0.1	77,614	7.1	29,605	9.7	153,839	26.1
AIFS Services	81,294	76.5	61,346	15.5	18,583	1.7	7,363	2.4	498	0.1
Total	**106,232**	**100.0**	**395,505**	**100.0**	**1,098,155**	**100.0**	**306,417**	**100.0**	**588,383**	**100.0**

See "Financial Information" for a detailed analysis of our revenue.

Our Strategic Business Repositioning

Market Evolution and Technical Rationale

Our strategic repositioning addresses a structural shift in China's AI industry from software-centric development to computation-intensive commercialization. Foundation models require massive parameter scaling and high-concurrency inference, driving an exponential increase in computing demand. According to CIC, China's total AI computing capacity reached 1,590 EFLOPS in 2025 and is projected to reach 8,050 EFLOPS by 2030, growing at a CAGR of 38.3%. Concurrently, downstream consumption has entered an inference era driven by the token economy, where high-volume processing by token factories and agent-based reinforcement learning have made data center construction a complex engineering discipline. Because traditional IT infrastructure and self-built enterprise clusters face high technical and capital barriers, the market increasingly requires specialized service providers.

To capture these opportunities, we proactively and gradually transitioned away from AIFS Services, which delivered one-off standalone software, to focus on our core offerings. We began delivering AI Computing Infrastructure Solutions in 2023 and launched our AI Computing Cloud Services in September 2024. This alignment addresses the market transition toward software-defined architectural design and usage-based compute consumption.

Our established expertise in compiling software, automated code deployment and system orchestration built during our AIFS operations provided the technical pedigree required to operate a high-performance infrastructure. Specifically, our experience in managing distributed workflows allowed us to design our proprietary computing operating system, Alaya NeW OS. To maintain operational continuity, the functional modules of our legacy AIFS offerings were consolidated within Alaya Lab, our AI development platform, allowing legacy customers to transition to our cloud environment without disrupting their workflows.

Operational Transition and Financial Trajectory

Our business repositioning was carried out in an orderly, managed phase-out format over the Track Record Period. Reflecting this deliberate allocation of resources, revenue generated from AI Computing Infrastructure Solutions and AI Computing Cloud Services collectively accounted for 23.5%, 84.5% and 98.3% of our total revenue for the years ended December 31, 2023, 2024, 2025, respectively, and 97.6% and 99.9% of our total revenue for six months ended June 30, 2025 and 2026, respectively. Concurrently, the revenue contribution from our AIFS Services declined from 76.5% in 2023 to 15.5% in 2024 and to 1.7% in 2025, and from 2.4% for the six months ended June 30, 2025 to 0.1% for the six months ended June 30, 2026.

To support the scalability of our repositioned business model, we substantially expanded our managed technical footprint. As of the Latest Practicable Date, we had delivered over 31,000 PFLOPS of computing power and held controllable computing capacity of over 29,000 PFLOPS across a distributed network spanning seven provinces in China. As of the same date, we served over 150 enterprise customers with our AI Computing Infrastructure Solutions and AI Computing Cloud Services.

This strategic reorientation fundamentally realigned our operational cost structure and margin profile. Prior to our business repositioning, our cost structure was predominantly labor-intensive, driven primarily by staff costs and technical service fees allocated to customized software development. As we scaled our AI Computing Infrastructure Solutions and commercialized our AI Computing Cloud Services, our cost component profile shifted toward a capital-intensive model, increasingly characterized by initial hardware procurement costs and depreciation of our right-of-use assets.

Our gross profit margin profile during the Track Record Period reflects the distinct execution and ramp-up stages of this transition. Our gross profit margin experienced compression when we launched our AI Computing Infrastructure Solutions and AI Computing Services. Such businesses had a lower gross profit margin at the early stage, mainly due to higher procurement and deployment costs for hardware. In particular, our AI Computing Cloud Services recorded gross losses in 2024 and 2025 during their initial ramp-up stage, as the costs of leased computing capacity were incurred before utilization and revenue reached scale, and turned to a gross profit in the six months ended June 30, 2026. The gross profit margin of our AI Computing Infrastructure Solutions increased in 2025 and the six months ended June 30, 2026, primarily because certain projects delivered in these periods involved larger software components, which generally carry higher gross profit margins. See "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income" for a detailed discussion of our margins, costs of revenue and segment results during the Track Record Period.

The strategic repositioning also changed our operational risk profile. See "Risk Factors—Our AI Computing Infrastructure Solutions and AI Computing Cloud Services have limited commercialization history" for a comprehensive description of these shifting operational variables.

KEY OPERATING DATA

The following table sets forth our key operating data as of the dates and for the periods indicated, which we believe is useful for understanding our business performance, operational scale, and growth trends during the Track Record Period. These metrics should be read in conjunction with the discussion of our results of operations and other financial information included in this document:

	For the Year Ended/As of December 31,[1]			For the Six Months Ended/ As of June 30,[1]
	2023	2024	2025	2026
AI Computing Infrastructure Solutions				
Number of AIDC projects delivered	3	5	6	3
Number of provinces covered by our projects	1	4	5	3
Delivered computing capacity (PFLOPS)	–	1,346	17,690	12,672
AI Computing Cloud Services				
Controllable computing capacity (PFLOPS)[2]	–	2,284	10,696	26,824
Computing Resource Utilization Rate (%)[3]	–	–	56.0	79.6
Number of enterprise customers	–	2	75	84

Notes:

(1) Except for cumulative controllable computing power, all other figures in the table represent data for the relevant period.

(2) Controllable computing capacity refers to the total computing power capacity under our direct control, comprising the capacity of the servers owned by us and the capacity secured under contractual arrangements, for which we are responsible for architectural planning, system deployment and ongoing scheduling, as of the relevant period-end.

(3) Computing resource utilization rate is calculated as utilized DCUs divided by the total theoretical maximum DCUs generated For DKS, the computing power generated from the clusters are converted into DCUs and are deemed as fully utilized; for VKS, the utilized DCUs are calculated based on actual usage.

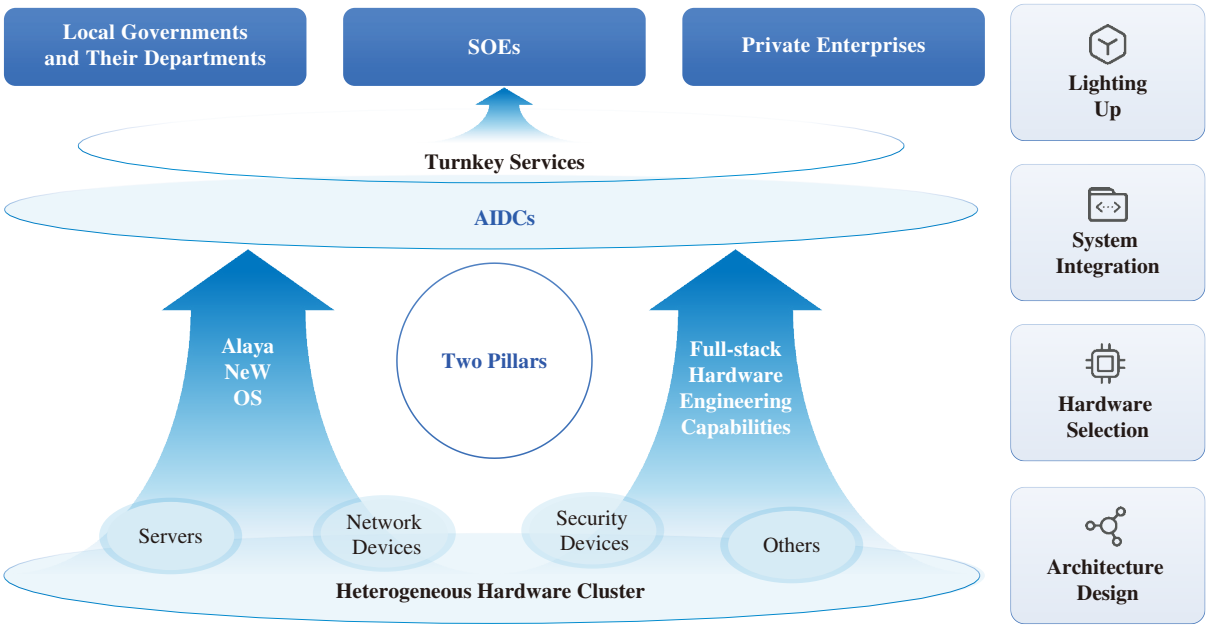
OUR OFFERINGS

Our offerings consist of: (i) AI Computing Infrastructure Solutions, which assist local governments, state-owned enterprises ("**SOEs**") and private enterprises in the construction and activation of large-scale AIDCs; (ii) AI Computing Cloud Services, which provide flexible and cost-effective computing power to customers including AI enterprises, research institutions and developers; and (iii) AIFS Services, which provide customized AI software solutions tailored for professional institutions such as banks and financial enterprises.

AI Computing Infrastructure Solutions

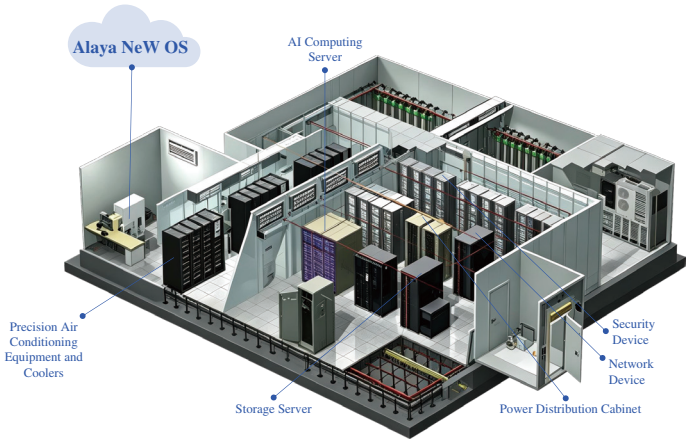
Our AI Computing Infrastructure Solutions provide a turnkey solution for the establishment of AIDCs. We primarily serve local governments, their departments, SOEs and private enterprises that require specialized technical expertise for system design and integration. Our service scope encompasses the entire lifecycle from hardware selection and architectural design to system integration and the final "lighting-up" of the facility.

The diagram below illustrates the structure of the AI Computing Infrastructure Solutions we deliver:



To improve the performance and stability of delivered AIDCs, our solution relies on two pillars: the deployment of our proprietary software infrastructure, Alaya NeW OS, and our full-stack hardware engineering capabilities. By embedding Alaya NeW OS as the platform control layer into the heterogeneous hardware clusters we integrate, we transform raw physical servers into a unified, production-ready environment optimized for AI workloads.

The diagram below illustrates the structural layout of an AIDC built by us:



The map below illustrates the presence of the AIDCs we built across China:



Workflow of Our Solution

Our projects under the computing infrastructure solution typically follow a lifecycle of approximately six months. The process begins with engagement and design, where we collaborate with customers to define architectural requirements and select optimal hardware configurations. Following contract acquisition primarily through public tenders, we initiate order-driven procurement. The implementation phase involves on-site hardware integration and the deployment of Alaya NeW OS, culminating in a rigorous testing and acceptance process before the facility is "lighted-up" and delivered as a production-ready environment.

The key stages of our workflow are set forth below:

Key Stage	Work Performed and Time Span	Fund Flow
Engagement, Design and Tendering	We engage with customers at the early planning stage to understand specific requirements for scale and application scenarios. We provide architectural design and hardware selection advice in the tendering. This process typically takes approximately three months.	No fund flow
Contracting and Prepayment	We enter into contracts with our customers and typically charge a fixed price for the entire project, determined through the tendering process. This process typically takes approximately one to two weeks.	Upfront prepayment by customers upon contract execution
Hardware Procurement and Software Deployment	We may procure hardware for our customers and deploy our Alaya NeW OS onto the hardware clusters. Our engineers conduct system debugging and network optimization. This process typically takes approximately two to three months.	Progress payment by customers upon delivery of hardware
Lighting-up and Acceptance	The project concludes with the "lighting-up" of the AIDC, followed by system inspection, performance testing and formal acceptance by the customer. This process typically takes approximately two weeks.	Final payment by customers upon system acceptance; optional retention payment subject to the completion of the warranty

AI System for AIDC: Alaya NeW OS

Alaya NeW OS is our proprietary, cloud-native operating system engineered for the unique demands of AI workloads. As the core software infrastructure of our AI Computing Infrastructure Solutions, Alaya NeW OS functions as the critical layer between heterogeneous hardware clusters and diverse AI applications. Deployment of Alaya NeW OS transforms a collection of physical hardware into a unified intelligent computing environment.

Alaya NeW OS manages the complexity of modern AI infrastructure by combining essential software components for resource management, job scheduling, and system monitoring. By virtualizing physical resources into a standardized pool, Alaya NeW OS shields users from the intricacies of underlying hardware configurations. Such virtualization allows for the execution of AI tasks across different types of servers within a single cluster.

Unlike traditional data center management software that primarily focuses on server robustness and basic virtualization, Alaya NeW OS is purpose-built for the high-throughput, low-latency requirements of AI training and inference. Through its sophisticated kernel and scheduling algorithms, Alaya NeW OS manages the flow of data and instructions across the cluster, ensuring that computing power is delivered efficiently to where it is needed most. This approach maximizes the utilization of the physical infrastructure we manage. According to CIC, Alaya NeW OS is the first AI operating system in China to receive certification from the CAICT across four domains, namely compute scheduling, model training, model inference and data processing.

Hardware Engineering Capabilities

We possess deep engineering capabilities to combine complex hardware and software systems. Our services bridge the gap between component procurement and operational readiness, verifying that AIDCs meet the rigorous performance standards required for AI applications.

We implement a comprehensive strategy that includes the configuration of computing resources, storage systems and networking equipment. Specifically, we construct advanced network topologies featuring "Rail-Optimized" interconnectivity to maximize bandwidth utilization. Such architecture allows our customers to leverage optimal hardware solutions suitable for specific needs while maintaining the stability and continuity of the computing infrastructure.

Key Capabilities

Our AI Computing Infrastructure Solutions are underpinned by a set of advanced capabilities:

- ***Heterogeneous Resource Scheduling.*** Alaya NeW OS provides unified management of diverse computing resources. Our software abstracts underlying hardware differences, allowing different types of servers to be utilized as a standardized resource pool.

- ***Serverless Architecture.*** Alaya NeW OS employs a serverless architecture that achieves full asynchronous decoupling between hardware resources and software tasks. Such design allows computing power to be allocated flexibly without hardware lock-in.

- ***End-to-End Performance Optimization.*** Alaya NeW OS coordinates storage, networking and computing resources to minimize latency and bottlenecks. Optimization of such resources increases utilization and reduces idle computation time.

- ***Cross-AIDC Distributed Network.*** Alaya NeW OS facilitates the interconnection and unified scheduling of resources across multiple AIDCs. This capability allows customers to scale computing power beyond the physical limits of a single data center.

Use Cases

Case A: A State-Owned Group

We empower a state-owned group in western China aiming to establish a regional public computing hub to drive innovation in the cultural tourism and related industries. To support this initiative, we deployed our full-stack solution for the construction of their large-model intelligent computing center. We customized an internationally-advanced heterogeneous computing architecture and planned a high-performance AI computing cluster with a capacity of over 4,500 PFLOPS. Our solution leveraged local natural cooling sources and clean energy, incorporating efficient cooling systems and green operational schemes. Furthermore, we developed a unified intelligent cloud service platform to enable on-demand elastic scheduling of computing resources, providing end-to-end tool support ranging from basic computing rental to AI model training and industry application integration. This project has served as a reference project for green intelligent computing in the region, enabling local enterprises to access high-performance computing power at low cost and empowering diverse scenarios such as immersive cultural tourism, manufacturing optimization, and precision agriculture.

Case B: A Large State-Owned Investment Group

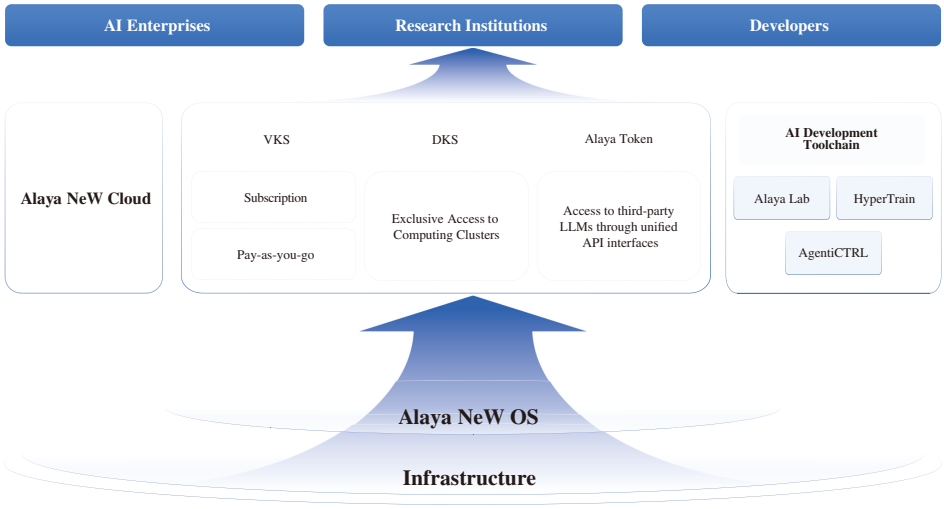
We serve a large state-owned investment group dedicated to solidifying the foundation of the digital economy and empowering the high-quality upgrade of local industries. The customer selected our customized solution to build an integrated intelligent computing center. We designed an over 2,000 PFLOPS mainstream intelligent computing architecture equipped with AI computing equipment. Crucially, we constructed a multi-dimensional protection system covering hardware, network, and data layers in strict accordance with national information security classified protection standards. In addition, we established diversified service modules for the customer, offering customized services such as computing rental, joint model R&D, and industry solution implementation, while fostering a cooperative ecosystem with leading domestic AI software enterprises. Since its operation, the center has delivered stable AI computing output, successfully supporting critical scenarios such as intelligent manufacturing inspection, financial risk control modeling, and biopharmaceutical R&D, thereby facilitating the transformation of traditional industries toward intelligent manufacturing.

AI Computing Cloud Services

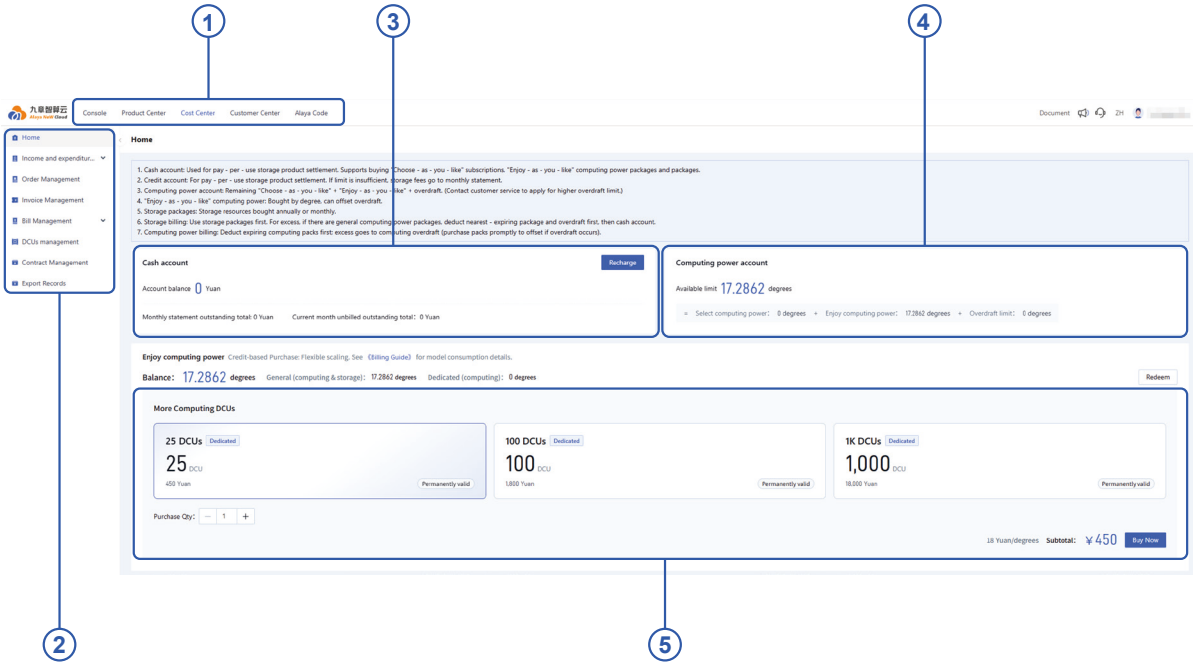
Our AI Computing Cloud Services, delivered through the Alaya NeW Cloud platform, provide a cloud-native AI development and production platform for enterprises and developers. While our AI Computing Infrastructure Solutions expand the physical supply of computing power, Alaya NeW Cloud focuses on the accessibility and commercialization of such resources.

This segment embodies our accessible computing philosophy. By abstracting the complexities of the underlying physical infrastructure, ranging from AI computing servers to networking equipment, we transform computing power into a standardized utility, allowing it to be consumed seamlessly and on demand. This approach significantly lowers the barrier to entry for AI developers, enabling them to focus on model innovation rather than infrastructure management. Alaya NeW Cloud shields users from the fragmentation of underlying hardware. The platform aggregates heterogeneous resources into a resource pool, virtualizing hardware into a standardized utility. In 2026, our Alaya NeW Cloud successfully passed the Intelligent Computing Cloud Platform Capability Assessment conducted by the CAICT.

The diagram below illustrates the structure of the AI Computing Cloud Services we deliver:



The user interface of our Alaya NeW Cloud platform is illustrated below:



Notes:

(1) Platform Navigation Bar. Displays the primary functional modules of the Alaya NeW Cloud platform, enabling users to navigate across the platform's services and integrated toolchain.

(2) Account Management Sidebar. Provides centralized access to account management functions, supporting the platform's transparent and user-friendly billing operations.

(3) Cash Account Panel. Displays the user's real-time cash balance and outstanding monthly statement amounts, with a recharge function to facilitate seamless prepayment settlement.

(4) Computing Power Account Panel. Visualizes the user's available DCU quota in real time, with a granular breakdown of subscribed computing power and overdraft limits.

(5) DCU Package Purchase Panel. Presents standardized dedicated DCU packages at tiered scales with fixed unit pricing, allowing users to flexibly acquire computing resources.

Our Product Portfolio

We offer a tiered portfolio consisting of VKS, DKS and Alaya Token. VKS and DKS enable customers to access computing resources at different levels of flexibility and performance isolation, while Alaya Token further abstracts the underlying infrastructure and model deployment layer by providing managed model inference on a token-consumption basis.

VKS

Our VKS is designed for scenarios requiring high flexibility, such as inference and fine-tuning. VKS leverages our serverless architecture to provide elastic computing resources that can be scaled up or down in seconds. We offer two primary service models under VKS:

- ***Subscription.*** Targeted at customers with stable but elastic demand, users can freely combine resources and have priority access to flagship computing servers and subscribe to a flexible quota that is deducted based on actual usage.

- ***Pay-as-you-go.*** Designed for users with fluctuating needs, this model features no upfront fees and bills strictly based on the DCUs consumed.

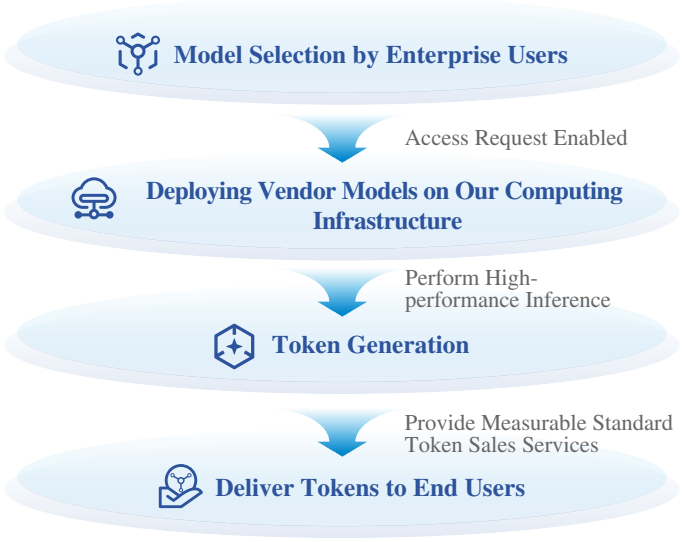
DKS

Engineered for large-scale model training tasks that require sustained high performance, DKS provides customers with exclusive access to resources to prevent resource contention and meet the rigorous demands of massive model developing and training.

Alaya Token

Alaya Token is our managed model inference service that enables enterprise customers and developers to access third-party LLMs selected by them through unified API interfaces. Under this service model, model vendors provide diverse models, while we provide the underlying computing power to deploy and operate these models to generate tokens, which are then consumed by end users on demand. Instead of procuring computing resources and independently deploying and operating the relevant models, users submit requests to designated models through our platform and receive model outputs on demand. Alaya Token is designed to support mainstream API specifications, enabling customers to integrate the service into existing development workflows with limited adaptation.

The below diagram sets forth how tokens are generated under Alaya Token.



We manage the underlying computing resource scheduling, model deployment and inference operations, and seek to improve service efficiency through our Token Factory technology architecture. In 2026, Alaya Token passed the High-Quality Token Cloud Service Capability Assessment conducted by the CAICT. See "—Our Technology—AI Factory—Token Factory" for more details. As of the Latest Practicable Date, we entered into approximately ten contracts for Alaya Token services. No revenue from this arrangement was recognized during the Track Record Period.

AI Development Toolchain

To facilitate the efficient utilization of our computing resources, Alaya NeW Cloud integrates a suite of functional tools designed to streamline the AI development lifecycle.

Alaya Lab

Alaya Lab is our all-in-one AI development platform purpose-built for AI researchers and engineers, designed to provide a unified development environment that spans the complete lifecycle of an AI project, from data preparation and model authoring to debugging and deployment. Alaya Lab eliminates the fragmentation inherent in conventional AI development, where teams are forced to navigate across dozens of disconnected tools at every stage of the workflow.

In practice, this fragmentation imposes a significant hidden tax on development velocity: context-switching between data processing pipelines, experiment trackers, training systems, and deployment platforms consumes time and cognitive bandwidth that would otherwise be directed toward model innovation itself. Alaya Lab addresses this structural inefficiency by deeply integrating data management, code debugging, model development, and one-click training submission into a unified workspace. Developers are freed from reconciling local environments with cloud resources, and from resolving dependency conflicts.

At the team level, Alaya Lab supports collaborative workflows that enable members to share datasets and model versions, align on processes, and accumulate institutional knowledge. Notably, Alaya Lab is natively integrated with HyperTrain: once data preparation and model debugging are complete within Alaya Lab, users can seamlessly submit training tasks to HyperTrain for distributed computation and resource orchestration. This integration closes the loop from development to training within a single platform, giving researchers access to enterprise-grade distributed training capabilities without ever leaving their primary workspace.

HyperTrain

HyperTrain is our serverless distributed training service based on Kubernetes, engineered to address the computational and management complexities inherent in enterprise-level AI training. It encapsulates infrastructure management, resource scheduling, and distributed framework adaptation into a unified core task engine. This design allows users to initiate high-performance AI model training tasks with a single click, effectively decoupling the training process from underlying operations and maintenance. By providing a training environment with resource isolation and cost controllability, HyperTrain significantly enhances training efficiency for our customers.

To ensure a seamless user experience, HyperTrain offers a pre-integrated, configuration-free standardized computing environment that supports mainstream AI frameworks, while also accommodating custom images. The service employs a "occupy-on-compute, release-on-completion" model, which facilitates the efficient turnover of cluster resources and maximizes AI computing server utilization.

Furthermore, HyperTrain incorporates intelligent, multi-dimensional scheduling strategies that balance cluster efficiency with user fairness. It identifies task characteristics to optimize sequencing, ensuring that shorter tasks are not blocked by resource-intensive ones. Built on a mature cluster architecture with fault self-healing capabilities, HyperTrain automatically mitigates operational failures, providing a robust and reliable foundation for large-scale distributed training tasks.

AgentiCTRL

AgentiCTRL is our dedicated reinforcement learning platform engineered for advanced AI agent training, with deep specialization in Transformer-based large model training scenarios. It is designed to provide comprehensive engineering infrastructure for the research and deployment of Agentic AI. Conventional reinforcement learning workflows impose substantial engineering burdens on research teams: constructing training pipelines from scratch, managing high-cost environment simulation, and bridging the compatibility gap between large language models and RL frameworks are perennial challenges. AgentiCTRL is engineered to resolve these bottlenecks systematically.

The platform is built around a unified training engine that deeply integrates workflow orchestration, environment simulation, model interaction, and policy optimization into a single operational layer. Whether the task involves single-agent decision-making or multi-agent collaboration, AgentiCTRL delivers a stable and scalable training foundation that meaningfully enhances a model's capacity for autonomous control and adaptive task execution in complex environments. The platform provides ready-to-use simulation environments and a comprehensive training toolkit, with native compatibility for mainstream RL frameworks and purpose-built optimizations.

AgentiCTRL is also natively integrated with Alaya Lab: users can develop and debug agents within Alaya Lab, then engage AgentiCTRL to complete the reinforcement learning loop. Together, these platforms form an end-to-end infrastructure that equips agents with the capability to reason and act autonomously in real-world conditions. For RL researchers advancing the frontier of agent algorithms, and for engineering teams deploying Agentic AI at scale, AgentiCTRL provides the core training infrastructure to bring next-generation agent applications to life.

Key Capabilities

Our AI Computing Cloud Services are underpinned by a set of advanced capabilities:

- ***Innovative Pricing and Measurement.*** We have introduced the DCU standard, which we market as "One Degree of Compute" (一度算力), defined as the equivalent of 312 TFLOPS of FP16 computing power sustained for one hour. This standardization shields users from the complexities of heterogeneous hardware, allowing computing power to be measured and traded as a utility. Our DCU-based model offers flexible resource configuration and visualized monitoring, enabling users to pay precisely for the computing power they consume. By eliminating costs associated with idle resources, we significantly lower the entry barrier for AI development and achieve high cost-efficiency for our customers.

- ***Elasticity and Operational Simplicity.*** Our platform employs a serverless architecture that delivers instant scalability and simplified operations. It abstracts the infrastructure management layer, allowing users to focus on model development without the need to provision or manage physical servers. Resources can be instantly acquired and released to match real-time workload demands, ensuring dynamic allocation and maximizing utilization.

- ***Integrated Toolchain and Intuitive Experience.*** Our platform is equipped with a comprehensive suite of pre-configured AI development tools and frameworks, accessible through a highly intuitive user interface. By streamlining complex environment setups and providing user-friendly interactive consoles, we significantly lower the technical barrier to entry for AI development. This enables developers and researchers to seamlessly initiate, manage, and monitor their model training and inference projects without requiring deep expertise in underlying infrastructure operations.

- ***Reinforcement Learning for Agentic AI.*** Leveraging our proprietary AgentiCTRL capability, we empower the training of Transformer-based agents with reinforcement learning. This feature enhances the decision-making and control abilities of AI agents, enabling the platform to support complex, dynamic AI tasks beyond simple pattern recognition.

- ***Managed Model Inference.*** Through Alaya Token, our platform abstracts model deployment and inference operations into API-accessible services. Customers can access designated third-party models without managing the underlying servers or deployment environment, while our platform manages the underlying resource allocation, inference operations, throughput and service availability.

Our Computing Power Pool

Our computing power pool is the foundation of our AI Computing Cloud Services. We aggregate computing capacity from three sources and schedule it as a single resource pool through Alaya NeW OS under our "Centralized Orchestration + Regional Nodes" framework. Alaya NeW OS abstracts differences across hardware types and facility locations, which allows us to allocate workloads across regional nodes based on workload characteristics, resource availability and network proximity.

- ***From Our AI Computing Infrastructure Solutions Customers.*** After we deliver an AIDC, we may lease a designated portion of the AIDC from the customer under a separate agreement. We assume operational management of the servers and related equipment in the leased portion. Because we designed and integrated these facilities, they run Alaya NeW OS natively and can be integrated into our computing power pool. Leasing a portion of the facility to us allows them to improve the utilization of their assets, while it allows us to secure long-term access to computing capacity without funding facility construction. See "—Overlapping of Our Customers and Suppliers" for more details.

- ***From Third-Party Computing Power We Manage.*** We lease computing capacity from AIDCs operated by third parties under cooperation arrangements. We carry out technical upgrades and standardization of the leased facilities so that they can be scheduled through Alaya NeW OS alongside our other resources.

- ***From Our Servers.*** We also generate computing power from servers owned by us, which are deployed in data center facilities leased from third parties.

See "—Key Operating Data" for more details.

Use Cases

Case C: An Embodied AI Enterprise

We serve a Beijing-based enterprise specializing in embodied AI and large model research, with a focus on Vision-Language-Action ("**VLA**") technology and robotic applications. To address the high cost associated with traditional fixed-resource procurement, the customer adopted the pay-as-you-go service under the VKS offering. Leveraging an elastic scaling model, compute resources can be dynamically expanded or released based on actual workload demand. Utilizing our unique DCU metering standard, the customer pays precisely for the effective compute time consumed by their training tasks. This model has provided the customer with robust performance while significantly reducing cost by eliminating costs associated with idle resources, helping the customer reduce overall costs by 73.8%.

Case D: A Leading Apparel Industrial Internet Enterprise

We empower an enterprise in the apparel industry that utilizes multimodal AIGC technology to enhance fashion design and marketing efficiency. Under a traditional bare-metal leasing model, the customer faced a resource utilization rate of less than 30%, leading to significant budget waste on idle machinery. By migrating to our cloud platform and provisioning a VKS on pay-as-you-go basis, the customer can now scale resources dynamically based on real-time workload demands. This usage-based billing model has enabled the customer to avoid the cost of idle resources, thereby improving its resource efficiency.

Case E: A Leading Online Social Networking Platform

We provide computing support to a top-tier online relationship-oriented social networking platform with a significant market presence in China. The customer's computing demand fluctuates from time to time. Traditional monthly leasing of bare-metal servers resulted in excessive waste during low-traffic periods. By adopting our VKS offering, which supports maximum concurrency while billing only for actual usage, the customer's monthly cost decreased significantly. This represents a budget saving of 88.2% compared to the previous model, demonstrating the cost-efficiency of our elastic computing services for businesses with fluctuating workloads.

AI Foundation Software Services

We also provide AIFS services, which consist of customized AI software solutions tailored for professional institutions such as banks and financial enterprises. Designed to optimize internal operations, AIFS functions as a software platform that equips customers with toolsets for data processing and AI model management. We operate the AIFS business on a project-based basis. Such solutions are typically delivered as a complete software product after development.

As we strategically pivoted our focus toward AI Computing Infrastructure Solutions and AI Computing Cloud Services, the AIFS business is being gradually phased out. See "—Our Business Model—Our Strategic Business Repositioning" for more details.

OUR TECHNOLOGY

Technology innovation is the cornerstone of our ability to provide accessible, efficient, and reliable intelligent computing services. We have built a comprehensive, full-stack technology architecture that integrates infrastructure with advanced software platforms and production-oriented architectures. Grounded in robust computing, networking, storage, and automated operations capabilities, our technology stack supports AI workflows spanning data processing, distributed model training, and high-throughput inference, thereby delivering an AI-native foundation that maximizes resource efficiency and system reliability.

Intelligent Computing Infrastructure and Systems

AI Computing Cluster

Our computing layer is engineered to support the massive scale required by AI models. We have deployed computing pools capable of supporting single clusters with large-scale computing resources, meeting the rigorous training demands of models with hundreds of billions of parameters. Central to this layer is our topology-aware intelligent scheduling system. This system perceives the physical topology of computing servers, ensuring that tasks are assigned to computing servers with the closest physical proximity, thereby maximizing communication efficiency. Furthermore, we employ joint hardware-software acceleration technologies, integrating server performance enhancements with software optimizations such as specialized communication libraries and RDMA. This synergy significantly reduces interaction latency and boosts overall computational performance.

Our computing architecture is designed to support both scale-up and scale-out deployment models for large-scale AI workloads. At the scale-up level, we seek to optimize communication among accelerators within high-density computing domains for workloads that require frequent data exchange. At the scale-out level, we connect computing resources across multiple servers and clusters through high-speed networks and manage them through our unified orchestration platform. Our topology-aware scheduling system is designed to take into account the physical and network proximity of computing resources, workload characteristics and resource availability when assigning tasks. This approach is intended to reduce unnecessary cross-server communication for suitable workloads and support the coordinated use of computing resources across multiple clusters and regional servers.

Efficiency-Oriented Intelligent Computing Network

To address the bottleneck of data transmission in large-scale training, we have constructed a high-performance network layer featuring "Rail-Optimized" interconnectivity. This virtualization-based rail-optimization topology achieves direct connections for servers of the same rank on the same plane, eliminating traffic conflicts across switches. We also utilize in-network computing technologies, where data is processed by switches during transmission and results are returned directly, improving All-Reduce performance by two times and reducing data traffic by 50%. Additionally, our network boasts extreme bandwidth utilization capabilities, dynamically perceiving link congestion and automatically rerouting data packets. This results in a network bandwidth utilization rate of over 95%, effectively resolving servers waiting bottlenecks caused by network latency.

Next-Generation Storage System

Our storage layer is powered by DingoFS, a fully open-source hybrid storage system designed by us specifically for the massive parallel IO (Input/Output) requirements of AI. We have achieved minute-level checkpoint optimization, reducing the archiving time for models hundreds of gigabytes in size from over 30 minutes to less than 60 seconds. This ensures that servers remain focused on calculation rather than waiting for data I/O. We also implement optimized hybrid read/write acceleration, utilizing high-speed caching for small files and streaming reads for large files, supporting efficient storage and access for EB-level data.

Automated Operations and Fault Management System

We have built a proprietary automated operations and fault management system to ensure extreme stability for long-duration AI training tasks. This system features hardware fault automatic monitoring and isolation capabilities. It monitors the status of our clusters in real-time, automatically detecting anomalies, and isolating faults within seconds. Crucially, the system supports imperceptible recovery from breakpoints, allowing training tasks to automatically resume from the most recent checkpoint without human intervention.

AI-Native Cloud Architecture with Deep Resource-Tool Integration

Our Alaya NeW Cloud represents a shift from traditional cloud platforms. It is a deeply integrated intelligent cloud that combines vast computing resources with a sophisticated toolchain. Our full-stack AI-native architecture optimizes the entire workflow for end-to-end models and AI-native applications. By reconstructing computing, networking, and storage, we provide a seamless environment that empowers customers to create intelligence autonomously. Our platform covers the full lifecycle of AI development, featuring specialized modules such as data processing, model training and inference services, and the AgentiCTRL reinforcement learning platform, ensuring comprehensive coverage for modern AI engineering.

AI Factory

AI Factory is our technology architecture for model training, post-training and large-scale inference, and is currently under continued development and optimization. Designed to translate our underlying computing, networking, storage and orchestration capabilities into production-oriented systems, it encompasses Training Factory and Token Factory. Training Factory supports large-scale pre-training, fine-tuning and reinforcement learning workloads across heterogeneous computing resources by integrating resource orchestration, distributed training, fault recovery, and environment simulation to improve cluster utilization and shorten model iteration cycles. Token Factory underpins Alaya Token and other inference workloads on Alaya NeW Cloud by lowering the cost per unit of output and maximizing throughput and resource utilization through automated model deployment, elastic resource scheduling, memory management, and distributed caching.

Alaya Atom Pod: Our Reference Architecture for Large-Scale AI Inference

To support the growing demand for large-scale AI inference and token generation, we are developing Alaya Atom Pod, a reference architecture for scalable AI inference clusters that combines high-density computing resources, standard computing servers, high-speed networking, distributed caching, and our unified orchestration software. Designed to allocate resources dynamically according to the distinct requirements of prefill and decode stages, Alaya Atom Pod features a distributed key-value cache layer to store, transfer, and reuse intermediate inference data, thereby reducing repetitive computation and improving efficiency for long-context, multi-turn, and agentic AI applications. We intend to deploy this architecture in modular, scalable units to manage heterogeneous computing resources across growing workloads, while its ongoing development and phased deployment remain adaptable to evolving model architectures and hardware configurations.

RESEARCH AND DEVELOPMENT

Our intense focus on R&D is fundamental to our operations and serves as the primary source of our competitive edge. Our continuous investment in R&D enables us to stay at the forefront of technological innovation and address the evolving needs of our customers. We have invested, and will continue to invest, significant resources in our R&D activities. In 2023, 2024, 2025, and for the six months ended June 30, 2025 and 2026, our R&D expenses amounted to RMB111.6 million, RMB103.4 million, RMB121.6 million, RMB53.1 million and RMB66.8 million, accounting for 105.0%, 26.2%, 11.1%, 17.3% and 11.4% of our total revenue for the respective periods. We have a highly qualified and experienced R&D team with diverse professional backgrounds. As of June 30, 2026, our R&D team consists of 156 members, accounting for 51.5% of our total employees.

Our R&D Process

To efficiently translate market needs into high-quality, commercially-viable products, we have established a systematic and structured R&D process. This process is designed to ensure stringent quality control and effective project management throughout all stages of our R&D activities, which typically includes the following key stages:

Demand Insight and Architecture Definition. Our R&D cycle begins with a structured discovery process led by our product design management team, who translate real-world customer computing pain points into precise product requirements and feature definitions. This is followed by a rigorous full-stack technical review, ensuring every product decision is grounded in both market relevance and technical feasibility.

Modular and Collaborative Engineering. Our engineering framework is structured around dedicated teams with domain-specific expertise spanning the entire technology stack. Our R&D personnel collaborate across key functional areas, covering underlying kernel optimization, storage performance tuning, and virtualization, as well as intelligent resource scheduling, orchestration, and user-facing interfaces including IDEs, web consoles, and unified APIs. Critically, all code undergoes mandatory static analysis and security vulnerability scanning before it is accepted into the main codebase, ensuring zero tolerance for credential leaks or high-risk security flaws from the outset.

Intelligent Simulation and Full-Stack Stress Testing. Before any feature reaches a customer environment, it must pass our proprietary dual-layer quality assurance process. First, we simulate concurrent computing resources scheduling within a single cluster, stress-testing scheduler throughput and queuing latency under conditions that mirror our most demanding enterprise deployments. Second, we conduct end-to-end infrastructure stress tests spanning storage, compute, and networking, with particular focus on large-model training scenarios where we simulate massive checkpoint write operations to validate high throughput, network stability, and optimal MFU under extreme load. This investment in pre-release simulation directly protects our customers' uptime and our own reliability reputation.

Canary Release and Automated Deployment. We employ a Canary Release strategy that systematically de-risks every product update. New versions are first validated in internal test environments, then progressively rolled out to a subset of customers before full production deployment. The entire upgrade process is orchestrated by our self-developed command control plane, which enables imperceptible upgrades for end users.

Observability and Closed-Loop Feedback. Our operations are underpinned by a panoramic monitoring system, providing real-time visibility into mission-critical metrics such as utilization rates and RDMA network packet loss. Any anomaly detected in production automatically triggers a structured R&D backtracking workflow, creating a complete and auditable closed loop of "Discovery, Repair, Testing, Archiving." This self-reinforcing feedback mechanism means that every incident systematically improves system stability over time, compounding our platform's reliability advantage as our deployment scale grows.

Our Key R&D Initiatives

Our R&D strategy is fundamentally rooted in addressing the critical challenges of the AI era: computing power scarcity, efficiency bottlenecks, and development complexity. Currently, our R&D efforts are concentrated on three layers: solidifying the underlying infrastructure base, breaking through performance bottlenecks, and perfecting the AI toolchain. We also plan to drive down the cost per token of our inference service through our Token Factory, and pioneer energy-defined, compute-power coordinated scheduling. We aim to build a high-performance, enterprise-grade intelligent computing cloud platform that rivals global standards.

Infrastructure Layer: Extreme Performance and Hardware Offloading

At the infrastructure layer of our platform, our engineering focus is on squeezing maximum performance out of modern hardware while keeping costs under control. A key initiative is our hardware offloading architecture, where we shift the burden of network and storage processing away from the main CPU onto dedicated co-processors. The end result is that our customers get near bare-metal computing performance while still benefiting from robust multi-tenant security isolation.

On the networking side, we are executing a phased migration to a high-performance network protocol purpose-built for AI workloads. Traditional internet protocols were never designed for the all-to-all communication patterns of large-scale model training, which creates throughput bottlenecks that directly slow down training jobs. Our roadmap first transitions storage traffic to the new protocol, then extends it to compute traffic, with the added strategic benefit of reducing hardware vendor dependency and cutting infrastructure costs. The final phase introduces advanced traffic management to eliminate the network instability that degrades AI training efficiency. Underpinning all of this is our proprietary DingoStack networking platform, which we continuously optimize to remove performance bottlenecks under high-concurrency workloads.

Container Layer: Large-Scale Heterogeneous Resource Scheduling

The container layer is about our ability to manage computing resources at massive scale and with a high level of flexibility. Our scheduling engine is a flagship capability, a single scheduling system capable of coordinating thousands of servers simultaneously without degrading stability. This directly enables our customers to run the very largest AI training jobs on our platform without having to manage complex multi-cluster workarounds themselves.

Beyond scale, we are investing in hardware-agnostic resource management. Rather than being locked into a single server manufacturer, our platform can pool and schedule compute resources from different hardware vendors interchangeably. This insulates our customers from supply chain disruptions.

Finally, our command control plane is being optimized for near-instant resource provisioning, bringing startup times down to the seconds range. This is the technical backbone of our serverless offering, ensuring that idle compute capacity is recycled and redeployed rapidly, directly improving our overall resource utilization economics.

Platform Layer: Full-Stack AI Development Experience

At the platform layer, we focus on lowering the barrier for AI developers. Our self-developed DingoFS storage system is designed to replace high-cost parallel file systems that have long been a major infrastructure expense for AI cloud providers. Our engineering focus is on two performance characteristics in AI workloads: fast access to large numbers of small files during dataset loading, and high-throughput writing during model checkpointing. We complement this with our DingoSpeed caching layer, which enables datasets to be distributed across data centers in seconds rather than minutes.

On the developer-facing side, we are evolving our Kubernetes hosting service from a managed offering toward an enterprise-grade platform with service-level commitments. Most importantly, our Alaya Lab platform is solving a persistent friction point in AI development: the disconnect between a developer's local environment and cloud-based computing clusters. Through a high-speed tunnel technology we have built in-house, developers can write and debug code on their own laptops while executing it directly on our cloud clusters in real time, eliminating the cumbersome upload-configure-restart cycle that makes traditional cloud development slow and frustrating. This experience improvement is a meaningful driver of developer adoption and retention.

Token Factory: Driving Down the Cost per Token

A dedicated research track is devoted to systematically lowering the cost per unit of high-quality output delivered through Token Factory. On the operational side, we are automating model deployment to support standardized, large-scale multi-model rollout with reduced manpower requirements, while building elastic inference capacity that scales within seconds, recycles idle resources across demand cycles, and bills strictly on consumption. A significant portion of our effort targets compute efficiency at the model execution level. We are raising KV-cache hit rates by reusing previously computed key-value states in conjunction with DingoFS caching, reducing time-to-first-token and avoiding redundant prefill computation; we are separately optimizing the DingoFS Connector caching pathway to further improve hit rates and throughput. We are also pursuing heterogeneous prefill-decode disaggregation, separating prefill and decode stages across different accelerator types to increase useful output per unit of compute. In parallel, we are developing the underlying communication libraries and stability support required for inference workloads. Taken together, these initiatives are designed to deliver a substantial reduction in per-token inference cost over time, in line with our focus on reducing the cost per unit of output.

Energy-Defined Architecture: Compute-Power Coordinated Scheduling

This initiative reframes energy from a passive cost input into an active scheduling variable that determines where and when computing workloads are placed and executed. Developed in collaboration with universities and technology partners, it comprises a theoretical framework, two scheduling technologies, and a simulation environment that operates as a closed loop. The theoretical foundation models the coupling between computing demand and electricity supply, providing the basis for workloads to respond dynamically to peak-and-valley electricity pricing. The first scheduling technology, green-electricity-priority migration, classifies workloads by carbon elasticity and redistributes them across time and geography to maximize renewable energy consumption. The second, multi-factor-aware scheduling, applies reinforcement learning over electricity-price, carbon-price, and renewable-supply inputs to jointly optimize time-to-first-token, carbon emissions, energy consumption, and resource utilization across regions. A simulation environment coupling the new-energy, power-grid, computing, and storage domains is used to validate and tune deployments prior to production and to enable coordinated control in live environments, with the ultimate objective of reducing energy consumed per token.

OUR SALES NETWORK

During the Track Record Period, our solutions and services were primarily sold in China. We have established a sales network that relies on direct sales to serve our core customers. We also developed channel agents under our sales network to supplement the capabilities of our direct sales team, expand our geographic coverage, and promote our brand awareness. Our business is subject to seasonality during the Track Record Period, see "Risk Factors—We are subject to seasonal fluctuations in our revenue" for more details.

We adopt a direct sales model for our customers. Under this model, our in-house sales team engages directly with the customers to understand their specific computing needs and business scenarios. This approach allows us to provide highly tailored solutions, such as customized DKS or VKS services, Alaya Token services, and integrated AI Computing Infrastructure Solutions. For our AI Computing Infrastructure Solutions projects, which typically involve complex requirements from SOEs, our direct sales force manages the entire project lifecycle, from initial consultation and bidding to delivery and ongoing maintenance, ensuring a high level of service quality and customer stickiness.

Our Business on Project-Based Basis

During the Track Record Period, a portion of our business, specifically our AI Computing Infrastructure Solutions and AIFS Services, were conducted on a project-based basis. The AI Computing Infrastructure Solutions projects typically involve the turnkey construction, integration, and delivery of AIDCs. Due to the scale and nature of these infrastructure developments, our customers generally engage us for discrete, one-off projects rather than on a recurring basis, although they may subsequently engage us for expansion phases or operational support. The AIFS Services projects deliver one-off standalone software, which we are phasing out following our strategic pivot in early 2023 to concentrate resources on dedicated AI computing infrastructure and cloud services. See "—Our Business Model—Our Strategic Business Repositioning" for more details. As of December 31, 2023, 2024, 2025, and June 30, 2026, we had nil, one, one, and one ongoing AI Computing Infrastructure Solutions projects, and 46, 31, ten and seven AIFS Services projects, respectively, with an aggregate outstanding contract value of RMB45.8 million, RMB254.6 million, RMB113.7 million, and RMB155.6 million, respectively. For the years ended December 31, 2023 2024, 2025 and the six months ended June 30, 2026, our revenue generated from our project-based business amounted to RMB106.2 million, RMB395.3 million, RMB1,020.5 million, and RMB434.5 million, respectively, which accounted for 100.0%, 99.95%, 92.9%, and 73.9% of our total revenue, respectively.

For the portion of our business that was project-based, the following table sets forth the movement of the number of projects by business line for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Number of ongoing projects at the beginning of the year/period	**47**	**46**	**32**	**11**
– AI Computing Infrastructure Solutions	–	–	1	1
– AIFS Services	47	46	31	10
Number of newly awarded projects	**109**	**76**	**23**	**4**
– AI Computing Infrastructure Solutions	3	6	6	3
– AIFS Services	106	70	17	1
Number of projects completed	**110**	**90**	**44**	**7**
– AI Computing Infrastructure Solutions	3	5	6	3
– AIFS Services	107	85	38	4
Number of ongoing projects at the end of the year/period	**46**	**32**	**11**	**8**
– AI Computing Infrastructure Solutions	–	1	1	1
– AIFS Services	46	31	10	7

For the portion of our business that was project-based, the following table sets forth the movement in backlog of the projects by outstanding contract sum and by business line for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Outstanding contract value (excluding VAT) as at the beginning of the year/period	**53,935**	**45,752**	**254,586**	**113,737**
– AI Computing Infrastructure Solutions	–	–	230,892	105,853
– AIFS Services	53,955	45,752	23,694	7,885
Add: Contract sum (excluding VAT)[1]	**98,048**	**604,144**	**879,691**	**476,365**
– AI Computing Infrastructure Solutions	24,938	564,855	876,918	476,098
– AIFS Services	73,111	39,288	2,773	268
Less: Contract sum (excluding VAT)[2]	**106,232**	**395,309**	**1,020,541**	**434,544**
– AI Computing Infrastructure Solutions	24,938	333,963	1,001,958	434,046
– AIFS Services	81,294	61,346	18,583	498
Outstanding contract value (excluding VAT) as at the end of the year/period	**45,752**	**254,586**	**113,737**	**155,559**
– AI Computing Infrastructure Solutions	–	230,892	105,852	147,905
– AIFS Services	45,752	23,694	7,885	7,655

Notes:

(1) The addition in contract value refers to the increase in contract value due to newly-awarded projects during the year or period.

(2) The deduction of contract sum refers to the amount of contract sum of which revenue was recognized during the year or period.

BRANDING AND MARKETING

Our marketing strategy is centered on our brand positioning as a provider of accessible computing. To effectively reach our target enterprise customers and shape industry discourse, we employ a multi-layered marketing approach to enhance our brand awareness and reach our target audiences. We strategically place brand advertisements in high-traffic transportation hubs, such as major airports, to target enterprise customers. We actively participate in top-tier industry conferences and forums, such as Mobile World Congress, World Broadband Association, GITEX Global and The Belt and Road Software Pavilion. Through these platforms, we showcase our technological capabilities, release new product updates, and engage with industry leaders to shape the discourse on AI infrastructure standards. We also utilize social media platforms to disseminate content about our products.

Complementing our enterprise outreach, we focus heavily on promoting the accessibility of our products to a broader audience, including individual developers and students. In our marketing initiatives, we highlight the highly intuitive interfaces and rich built-in toolchains of the Alaya NeW Cloud, which transform complex AI development into an accessible and user-friendly experience. To further lower the barrier to entry, we conduct extensive user education campaigns targeted at individual users, empowering users without specialized AI knowledge or coding backgrounds to seamlessly adopt and utilize our computing services. Through targeted digital marketing and content dissemination on various social media platforms, we continuously engage with developer communities to foster an accessible computing ecosystem.

PRICING

Our pricing strategy is designed to be flexible and market-oriented, catering to the diverse needs of our customers. We have established distinct pricing models for our different business segments:

For our AI Computing Infrastructure Solutions and AIFS services, we generally adopt a fixed-price model determined on a project-by-project basis. The contract price is typically established through a bidding and tendering process or commercial negotiations. Our pricing for AI Computing Infrastructure Solutions projects takes into account: (i) the cost of hardware procurement; (ii) licensing fees for our proprietary software; (iii) the complexity of system integration and architectural design; and (iv) the scale of the computing cluster to be delivered. Our pricing for AIFS services projects takes into account the complexity of software customization, development hours, and specific functional requirements. The prices of our AI Computing Infrastructure Solutions and AIFS services vary by scale and service scope.

For our AI Computing Cloud Services, we adopt subscription-based pricing model and usage-based pricing model.

- ***DKS.*** We adopt a subscription-based model. Customers pay recurring fees for exclusive access to specified configurations of computing resources during an agreed subscription period. The fees are generally charged on a per-server, per-month basis and are determined primarily based on the type and performance of the hardware resources, the scale of the cluster, resource scarcity, prevailing market conditions, and the duration of the subscription, regardless of actual utilization during the subscription period.

- ***VKS.*** We adopt two pricing models under VKS:

  - **Subscription-based.** Customers pay recurring monthly fees under one of two principal arrangements: (i) a computing power quota subscription, where customers pay a fixed fee for an agreed volume of computing power quota; or (ii) a reserved computing resource subscription, where designated computing resources are allocated exclusively to the customer, subject to an agreed usage cap. Fees for both arrangements are generally calculated on a per-month basis and are determined primarily based on the type, performance, and number of servers required and the subscription term.

  - **Usage-based.** Customers are charged based on their actual DCU consumption at applicable unit rates without an upfront subscription commitment. We market this usage-based billing under our "One Degree of Compute" (一度算力) standard. The applicable rates are determined primarily based on resource availability, hardware performance, and market conditions.

- ***Alaya Token.*** We adopt a usage-based pricing model where customers are charged primarily based on their actual consumption of input and output tokens. Input and output tokens are measured separately, and the applicable unit rates are determined primarily based on the selected model and relevant service specifications, including context-window size, throughput, and service-level arrangements. Token service fees are generally calculated based on actual consumption and settled periodically.

We periodically review and adjust our pricing to reflect changes in our operating costs (particularly the procurement costs of servers), market conditions, and our strategic goals to promote access to computing power. For AI Computing Cloud Services, we may offer promotional pricing or discounts to educational institutions and student developers to foster the AI talent ecosystem.

INTELLECTUAL PROPERTY

The protection of our intellectual property rights is a critical aspect of our business. Our future commercial success is partially dependent on our capabilities in several key areas: obtaining and maintaining intellectual property protections for our core technologies; defending and enforcing our patent portfolio; preserving the confidentiality of our trade secrets; and ensuring our operations do not infringe upon the intellectual property rights of others.

As of the Latest Practicable Date, we owned 125 registered patents in China. As of the same date, we had 117 software copyrights in China, and 174 registered trademarks in China. We acquire patents through self-development. As of the Latest Practicable Date, we owned the majority of our patents as well as patent applications and had a few co-own or co-share arrangements of our patents and patent applications with third parties.

DATA SECURITY

We attach significant importance to data security and protection. We provide the computing power and platform, while the ownership and control of the data remain with our customers. We have adopted a comprehensive suite of protective measures, including confidentiality categorization, strict access control, data encryption, and desensitization, to prevent unauthorized access, leakage, improper use, modification, damage, or loss of data.

We have established a dedicated data compliance department and appointed specialized information security professionals to oversee our data security practices. We have obtained recognized certifications in information security, including Multi-Level Protection Scheme Level 3, Information Technology Service Standards Level 2 (Operations and Maintenance), Capability Maturity Model Integration Level 5 and ISO27001, ISO20000, ISO45001, ISO14001 and ISO9001 certifications, demonstrating our compliance with stringent industry standards.

Data Collection

Our business primarily involves the provision of AI computing power and related cloud services to corporate customers. In the ordinary course of our services, we generally do not access, collect, or store the proprietary datasets, algorithm models, or training results of our corporate customers. Our customers retain full control over their data resident on our computing clusters or cloud platforms. We only collect necessary business information, such as account registration details, usage logs, and billing records, for the purpose of account management and service provisioning.

Data Security Management Systems

We have established a robust data security management framework that covers the entire data lifecycle, from generation and transmission to storage and destruction. We have implemented the Data Classification Management Procedure, classifying our data into different categories. Access to high-level information is strictly restricted on a need-to-know basis and subject to rigorous approval procedures.

We implement lifecycle management for the data. We utilize advanced encryption technologies to protect data during transmission, preventing unauthorized interception or tampering. Sensitive data is stored in secure, encrypted environments with strict access controls. We maintain comprehensive operation logs to trace any data access or modification. Furthermore, we employ irreversible data destruction methods for expired or deleted data to ensure it cannot be recovered.

We require all employees, particularly those in core technical and R&D roles, to sign confidentiality agreements upon employment. We also conduct regular data security training and have established strict protocols for the handling of confidential information during employee onboarding and departure.

Incident Response Mechanism

We have formulated the Emergency Plan for Network and Information Security Incidents to effectively manage potential security breaches. We categorize security incidents into four levels based on their severity and impact. Each level corresponds to a specific set of emergency response protocols, ranging from departmental handling to company-wide emergency mobilization. We adhere to the "early detection, early reporting, early disposal" principle to minimize the impact of any security incidents. Our security team continuously monitors system status and is required to report any anomalies immediately. In the event of a data leak or security breach, we will immediately activate our emergency response plan to contain the incident, assess the damage, and restore affected systems. We will also promptly notify affected parties and report to relevant regulatory authorities, such as the public security bureau, as required by law.

Security Architecture and Technical Measures

We have established a robust information security architecture that integrates our proprietary protocols with the security capabilities of our strategic partners. We attach great importance to the physical and network security of the underlying infrastructure. We have implemented multi-layer defense mechanisms, including firewalls, intrusion detection systems, and anti-DDoS protections.

In addition, we maintain a strict data access policy for our internal operations. We have deployed a secure internal cloud disk system for document management. Access to our internal network and sensitive data requires multi-factor authentication. We strictly segregate our internal development environment from the customer production environment to prevent cross-contamination or unauthorized access. Sensitive data, including customer credentials and critical business data, are encrypted during transmission and storage using industry-standard encryption protocols.

Use of Open-Source Models and Software

We use certain open-source foundation models and open-source software components in connection with our AI Computing Cloud Services, including model training, deployment and inference. In particular, our platform is designed to support a range of third-party models and software frameworks, and Alaya Token provides users with access to selected third-party LLMs, including open-source models. We maintain procedures to manage the use of such open-source models and software components, including access controls, security review, vulnerability scanning and intellectual property and licensing compliance measures. Our proprietary technologies, system architecture and customer data processed through our platform are subject to our internal information security policies and technical safeguards, including access control, data segregation and encryption. See "Risk Factors—Risks Related to Our Business and Industry—Our use of open-source technology could impose limitations on our business operations" for more details.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data leakage, loss, or security breaches, nor had we been subject to any material fines or penalties by regulatory authorities regarding data privacy or security.

OUR SUPPLIERS

Our Major Suppliers

Our major suppliers are hardware vendors, technical service providers and AIDC rental services providers in China. In 2023, 2024, 2025, and for the six months ended June 30, 2026, purchases from our five largest suppliers in each year/period amounted to RMB98.0 million, RMB584.6 million, RMB1,385.9 million, and RMB794.9 million, respectively. Purchases from our five largest suppliers in each period of the Track Record Period accounted for 47.1%, 74.8%, 84.8%, and 74.5% of our total purchases, respectively. All of our five largest suppliers in each year/period during the Track Record Period were independent third parties. During the Track Record Period, we did not experience any material shortage or delays in the supply of hardware equipment or computing power rental services.

The following table sets forth the details of our five largest suppliers in each year/period during the Track Record Period:

Year ended December 31, 2023

No.	Supplier	Products/ services provided	Purchase amount	% of total purchase	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Supplier Group A[(1)]	Equipment	33,519.2	16.1	For servers, payment in advance; for other equipment, two payments made within 15 working days after contract execution and acceptance respectively	2023
2	Supplier B[(2)]	Equipment	26,400.0	12.7	Prepayment	2023
3	Supplier C[(3)]	Equipment	15,520.0	7.5	Prepayment	2023
4	Supplier D[(4)]	Property rental	15,117.9	7.3	Prepayment	2023
5	Supplier E[(5)]	Technical services	7,395.8	3.5	60% of the total payment made within 20 calendar days after contract signing, remaining 40% made within 20 calendar days after service completion and acceptance	2022
Total			**97,952.9**	**47.1**		

Notes:

(1) A joint stock company incorporated in 2003 in China and listed on the Shenzhen Stock Exchange, primarily engaged in research and development and applications of flexible electronics technology.

(2) A limited liability company incorporated in 2008 in China, primarily engaged in sales and development of computer hardware, software and network products.

(3) A joint stock company incorporated in 1998 in China and listed on the Shenzhen Stock Exchange, primarily engaged in provide IT infrastructure products and solutions.

(4) A limited liability company incorporated in 2020 in China, primarily engaged in science and technology extension and application services.

(5) A limited liability company incorporated in 2020 in China, primarily engaged in data services.

Year ended December 31, 2024

No.	Supplier	Products/ services provided	Purchase amount	% of total purchase	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Supplier F[1]	AIDC rental services	178,256.8	22.8	Prepayment	2024
2	Supplier G[2]	Equipment	153,090.0	19.6	Payment on the day of acceptance	2024
3	Supplier H[3]	AIDC rental services	105,886.5	13.6	Payment made within 10 working days after invoice issued	2024
4	Supplier I[4]	AIDC rental services; equipment	93,325.1	11.9	Two payment arrangements: prepayment; or payment in full within 60 working days after acceptance	2024
5	Supplier J[5]	Equipment	54,000.0	6.9	Prepayment	2023
Total			**584,558.4**	**74.8**		

Notes:

(1) A limited liability company incorporated in 2001 in China, primarily engaged in the manufacture of radio and television transmission equipment and the operation of radio and television programming.

(2) A limited liability company incorporated in 2017 in China, primarily engaged in technology promotion and value-added telecommunications services.

(3) A limited liability company incorporated in 2024 in China, primarily engaged in research, development, and application of spatial intelligence technologies.

(4) A limited liability company incorporated in 2015 in China, primarily engaged in provide computing power and data processing services.

(5) A limited liability company incorporated in 2022 in China, primarily engaged in the manufacture of computers, communications equipment, and other electronic devices.

Year ended December 31, 2025

No.	Supplier	Products/ services provided	Purchase amount	% of total purchase	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Supplier Group K[1]	Equipment	514,673.7	31.5	Prepayment made within 10 working days after contract execution; rest of the payment made within 5 working days after acceptance	2024
2	Supplier L[2]	AIDC rental services	293,593.9	18.0	Prepayment	2024
3	Supplier Group M[3]	AIDC rental services	234,934.1	14.4	Payment made within 7 working days after the end of each settlement period	2024
4	Supplier N[4]	AIDC rental services	210,652.3	12.9	Monthly postpaid payment after services commencement	2025
5	Supplier H	AIDC rental services	132,073.6	8.0	Payment made within 10 working days after invoice issued	2024
Total			**1,385,927.6**	**84.8**		

Notes:

(1) A limited liability company incorporated in 2021 in China, primarily engaged in science and technology extension and application services.

(2) A limited liability company incorporated in 2023 in China, primarily engaged in operating a shared platform for large-scale scientific instruments and equipment in Shandong Province.

(3) A limited liability company incorporated in 1999 in China, primarily engaged in operating investment and operations platform for the cultural and tourism industry.

(4) A joint stock company incorporated in 1997 in China and listed on the Stock Exchange and the Shenzhen Stock Exchange, primarily engaged in provide comprehensive information and communications technology solutions.

Six months ended June 30, 2026

No.	Supplier	Products/ services provided	Purchase amount	% of total purchase	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Supplier O[1]	AIDC rental services	538,425.1	50.5	Quarterly prepayment, with the service fee for each billing cycle paid by the fifth day of the first month of such billing cycle upon receipt of the service fee confirmation notice and invoice	2025
2	Supplier P[2]	AIDC rental services	112,984.2	10.6	Quarterly payment in arrears, with the computing power usage fee for the preceding quarter paid in the first month of each quarter and within seven working days after receipt of the corresponding VAT special invoice	2025
3	Supplier Q[3]	Equipment	56,837.9	5.3	36% paid within five working days after contract execution; 22% within 30 days after equipment delivery and signing of the delivery receipt; 42% within 60 days after equipment racking and signing of the acceptance form	2026
4	Supplier R[4]	Equipment	43,621.0	4.1	30% paid within five days after contract effectiveness and receipt of invoice; remaining 70% within 20 days after completion and acceptance of equipment cluster deployment and racking, and receipt of invoice	2023
5	Supplier S[5]	Equipment	42,997.9	4.0	35% paid within three days after contract execution and receipt of invoice; 30% upon equipment delivery and signing of the delivery receipt; remaining 35% within 60 days after completion and acceptance of equipment cluster deployment and racking, and receipt of invoice	2025
Total			**794,866.1**	**74.5**		

Notes:

(1) A joint stock company incorporated in 2003 in China, primarily engaged in telecom operations support systems, the R&D of vertical domain large model, and enterprise intelligence construction.

(2) A limited liability company incorporated in 2002 in China, primarily engaged in big data services, internet data services, and information technology consulting services.

(3) A limited liability company incorporated in 2023 in China, primarily engaged in technology promotion and application services.

(4) A limited liability company incorporated in 2015 in China, primarily engaged in software development and information system integration.

(5) A limited liability company incorporated in 2018 in China, primarily engaged in the sales of electronic devices.

None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest suppliers in each year/period during the Track Record Period.

Salient Terms of Material Supply Agreements

We generally enter into framework agreements or standalone purchase orders with our suppliers. Salient terms of our agreements with major suppliers typically include:

- *Duration.* The duration of our agreements varies depending on the nature of the procurement. For hardware procurement, agreements generally have a term of approximately three to six months. For software procurement, the term is determined based on specific business needs, typically ranging from one to five years. For computing power rental services, we generally enter into agreements with a term of five years.

- *Payment agreement.* We typically settle with our suppliers via bank transfer.

- *Price.* The price is specified in the purchase order.

- *Delivery and Acceptance.* Suppliers are responsible for delivering products to our designated data centers or warehouses. Risk of loss and title generally transfer to us upon our acceptance of the products after inspection.

- *Warranty and Maintenance.* Suppliers generally provide a standard warranty period of three to five years for hardware products. We require suppliers to maintain domestic maintenance bases and provide spare parts to ensure rapid response to hardware failures.

- *Product Return or Exchange.* We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality, product specifications or quantity with the order placed.

- *Termination.* We are entitled to terminate the purchase order when the supplier fails to perform and does not make timely corrections after receipt of our written notice.

During the Track Record Period and up to the Latest Practicable Date, our agreements entered into with our major suppliers are legally binding and have not been subject to any material breaches that may adversely impact our business, financial condition and results of operations.

Supplier Selection and Management

We typically engage reputable suppliers to ensure the quality of our products. We exercise strict control over the quality and performance of each product. We have implemented a rigorous and multi-faceted process for the selection and ongoing management of our suppliers to ensure the quality and reliability of our supply chain.

- ***Supplier Admission.*** We adhere to a strict admission process for new suppliers. Our procurement department conducts comprehensive due diligence on potential suppliers. We evaluate candidates based on their capital security, historical delivery performance, and maintenance capabilities. We also conduct on-site inspections of their warehouses and facilities where necessary.

- ***Performance Management.*** We implement a comprehensive evaluation system for our existing suppliers. We conduct periodic assessments and ratings based on key dimensions such as quality, delivery timeliness, cost competitiveness, and service support. We categorize suppliers into different tiers based on their performance scores. Strategic partners are granted priority in procurement, while underperforming suppliers are subject to rectification plans or elimination.

- ***Supply Chain Resilience.*** To mitigate risks associated with supply chain volatility and geopolitical factors, we actively diversify our supplier base by engaging multiple authorized distributors for critical components. We also maintain strategic inventory of core components and explore alternative solutions to ensure business continuity.

Supplier Concentration

During the Track Record Period, we primarily procured equipment and AIDC rental services from our major suppliers. According to CIC, supplier concentration is in line with the industry norm. We have developed stable cooperative relationships with our major suppliers to ensure the quality and reliability of our supply chain and the continuity of our operations. As we source a significant portion of our equipment and computing power rental services from our major suppliers, if our relationships with our major suppliers are terminated, interrupted, or modified in any way adverse to us, there may be interruptions to our operations and business. See "Risk Factors—Risks Related to Our Business and Industry—We are subject to supplier concentration risk" for more details.

We have implemented several measures to mitigate the potential risks associated with supplier concentration. With respect to equipment procurement, we have expanded our vendor network to engage multiple hardware providers and continuously strengthen our collaborative relationships with existing equipment suppliers. With respect to AIDC rental services, a portion of our procurement of our AIDC rental services from our major suppliers is sourced from customers to whom we had previously delivered AI Computing Infrastructure Solutions projects, pursuant to arrangements under which we rent back AIDCs to generate computing power. See "—Our Business Model" and "—Overlapping of Our Customers and Suppliers" for more details. We also obtain computing power from servers owned by us. In addition

to the arrangements with our AI Computing Infrastructure Solutions customers and our owned computing resources, we obtain computing power by managing computing power generated from the AIDCs of third parties under cooperation arrangements, pursuant to which we carry out technical upgrades and standardization of the leased facilities, thereby maintaining a diversified computing power pool that is not exclusively dependent on any single source. We dynamically allocate procurement volumes among our major suppliers across both categories to avoid over-reliance.

In 2023, our procurement was predominantly equipment-oriented, as we were at an early stage of our AI Computing Infrastructure Solutions, with purchases from our five largest suppliers accounting for 47.1% of our total purchases. As our business scaled rapidly in 2024 and 2025, our procurement increasingly included substantial computing power rental services. Purchases from our five largest suppliers increased to 74.8% and 84.8% of our total purchases in 2024 and 2025, respectively. This increasing concentration reflects the growth in scale of our operations and our rental arrangements from our customers. In the six months ended June 30, 2026, purchases from our five largest suppliers declined to 74.5% of our total purchases. Furthermore, both the equipment and the computing power rental services we procured are provided by a range of market participants, and alternative providers with comparable service capabilities are available in the market, which supports our ability to maintain supply continuity.

During the Track Record Period, the identity of our largest supplier varied across years, reflecting the evolving nature of our procurement. In 2023, Supplier Group A, an equipment vendor, was our largest supplier, accounting for 16.1% of our total purchases in that year. In 2024, Supplier F, a computing power rental services provider, was our largest supplier, accounting for 22.8% of our total purchases in that year. In 2025, Supplier Group K, an equipment vendor, was our largest supplier, accounting for 31.5% of our total purchases in that year. In the six months ended June 30, 2026, Supplier O, an AIDC rental services provider, was our largest supplier, accounting for 50.5% of our total purchases in that period. We selected Supplier O based on a comprehensive assessment of its technical capabilities, delivery performance, and quality standards. The largest supplier in each year/period during the Track Record Period was not our exclusive supplier. We have maintained a constructive working relationship with Supplier O and did not experience any material disputes with Supplier O during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing factors, our Directors are of the view that our relationships with our major suppliers are unlikely to have any material adverse change or be terminated.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

For the procurement of AI computing servers and equipment, we typically arrange for direct delivery from our suppliers to the designated data centers or project sites specified by us or our customers.

Inventory Management

We generally adopt an order-driven procurement strategy to minimize inventory risks. We typically do not maintain significant inventory of servers or computing equipment. Procurement is triggered primarily by confirmed customer orders or specific project requirements. Our inventory mainly consists of servers and other hardware devices. In addition, we continuously monitor the usage and status of our computing resources through our intelligent management platform. This allows us to optimize resource allocation and procurement planning, ensuring we have sufficient capacity to meet customer demand without incurring excessive inventory holding costs.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of technology companies, research institutions and universities, local governments, their departments, SOEs and private enterprises. In 2023, 2024, 2025, and for the six months ended June 30, 2026, our five largest customers in each year/period during the Track Record Period together generated RMB58.3 million, RMB339.0 million, RMB966.5 million, and RMB475.6 million of revenues, respectively, accounting for 54.8%, 85.7%, 88.0%, and 80.8% of our total revenue, respectively. All of our five largest customers in each year/period during the Track Record Period were independent third parties.

The following table sets forth the details of our five largest customers in each period during the Track Record Period:

Year ended December 31, 2023

No.	Customer	Products sold	Revenue	% of total revenue	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Customer A[(1)]	AI Computing Infrastructure Solutions	22,796.5	21.5	Payment made within 4 working days after contract execution	2023
2	Customer B[(2)]	AIFS Services	13,003.6	12.2	Major portion of services payment made within 30 working days after workload confirmation, rest of the services payment made within 30 working days after final acceptance	2020
3	Customer C[(3)]	AIFS Services	9,499.7	8.9	Four payment installments: effective date, acceptance, confirmation, and completion of services, each payment made within 60 working days after invoice	2019
4	Customer Group D[(4)]	AIFS Services	6,631.3	6.2	Major portion of the payment made within 30 working days after first acceptance, rest of the payment made within 30 working days after final acceptance	2022
5	Customer E[(5)]	AIFS Services	6,330.2	6.0	Three payment installments: contract execution, preliminary acceptance, and final acceptance, each payment made within 15 working days	2023
Total			**58,261.3**	**54.8**		

Notes:

(1) A limited liability company incorporated in 2021 in China, primarily engaged in technology promotion, services and development.

(2) A limited liability company incorporated in 2015 in China, primarily engaged in digital finance.

(3) A state-owned enterprise incorporated in 1992 in China and listed on the Shanghai Stock Exchange, primarily engaged in commercial bank services.

(4) A joint stock company incorporated in 2004 in China and listed on the Stock Exchange, primarily engaged in mobile telecommunications services.

(5) A limited liability company incorporated in 2019 in China, primarily engaged in the research, development, production, and promotion of intelligent autonomous driving technology and advanced driver-assistance systems for commercial vehicles.

Year ended December 31, 2024

No.	Customer	Products sold	Revenue	% of total revenue	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Customer F[1]	AI Computing Infrastructure Solutions	172,331.5	43.6	For servers, two payments made within 15 working days after contracting and acceptance respectively; for services, four payment installments: effective date, initial acceptance, final acceptance, and end of warranty period, each payment made within 15 working days	2024
2	Customer Group D	AI Computing Infrastructure Solutions, AIFS Services	83,896.0	21.2	Four payments each due within 15 working days, all contingent on prior receipt of the corresponding end-user payment: upon cumulative delivery, full installation and acceptance, and 3-year warranty expiry, respectively	2022
3	Customer G[2]	AI Computing Infrastructure Solutions	36,708.0	9.3	Payment made within 1 working day after contract execution	2024
4	Customer H[3]	AI Computing Infrastructure Solutions	30,619.5	7.7	Payment made within 4 working days after contract execution	2024
5	Customer C	AIFS Services	15,447.6	3.9	Two modes of payment: major portion of payment made after three months after services provided, rest of the payment made after final acceptance, both within 60 calendar days after invoice; or four payment installments: effective date, acceptance, confirmation, and completion of services, each payment made within 60 working days after invoice	2019
Total			**339,002.6**	**85.7**		

Notes:

(1) A limited liability company incorporated in 2023 in China, primarily engaged in operating a shared platform for large-scale scientific instruments and equipment in Shandong Province.

(2) A limited liability company incorporated in 2012 in China, primarily engaged in internet information technology services.

(3) A joint stock company incorporated in 1993 in China and listed on the Shanghai Stock Exchange, primarily engaged in production digital products, industry digitization, and new digital infrastructure.

Year ended December 31, 2025

No.	Customer	Products sold	Revenue	% of total revenue	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Customer I[1]	AI Computing Infrastructure Solutions	527,441.9	48.0	75% prepayment within 15 working days of contract execution; 10% within 10 working days of delivery acceptance; 5% within 10 working days of cluster acceptance; remaining balance (excluding warranty retention) within 10 working days after 3 months of stable cluster operation; warranty retention released in 4 equal annual instalments within 10 working days after each year of stable operation.	2025
2	Customer Group J[2]	AI Computing Infrastructure Solutions	230,892.1	21.0	Five payment installments: hardware delivery to warehouse, hardware acceptance, initial acceptance and lighting-up, final acceptance, and completion of warranty period, each payment made within 10 working days after invoice	2024
3	Customer Group K[3]	AI Computing Infrastructure Solutions	121,067.4	11.0	Two modes of payment: advance payment made within 15 working days after effective, delivery payment made within 5 working days, acceptance payment made within 10 working days and deferred payments made in five annual installments within 10 working days after each confirmation date; or payment in full after 3 working days after contract execution	2025
4	Customer L[4]	AI Computing Infrastructure Solutions	66,590.8	6.1	30% within 10 working days after contract execution, 60% within 10 working days after equipment delivery upon delivery acceptance slip, 10% within 20 working days after project acceptance	2025
5	Customer Group M[5]	AI Computing Infrastructure Solutions	20,470.9	1.9	Equipment in 3 instalments: 30% within 10 working days of contract execution, 20% upon full delivery, and 50% within 5 working days of quality acceptance; integration, operation and maintenance service fee in 5 equal annual instalments, first due within 5 working days after 1 month from quality acceptance, annually thereafter	2025
Total			**966,463.1**	**88.0**		

Notes:

(1) A limited liability company incorporated in 2001 in China, primarily engaged in the manufacture of radio and television transmission equipment and the operation of radio and television programming.

(2) A limited liability company incorporated in 1999 in China, primarily engaged in operating investment and operations platform for the cultural and tourism industry.

(3) A limited liability company incorporated in 2021 in China, primarily engaged in science and technology extension and application services.

(4) A limited liability company incorporated in 2025 in China, primarily engaged in internet-related services.

(5) A joint stock company incorporated in 2003 in China and listed on the Shenzhen Stock Exchange, primarily engaged in research and development and applications of flexible electronics technology.

Six months ended June 30, 2026

No.	Customer	Products sold	Revenue	% of total revenue	Credit term	Year of commencement of business relationship with us
			(RMB in thousand)			
1	Customer N[1]	AIDC construction	172,741.7	29.4	20% paid within five working days after contract execution and receipt of invoice; 53% within five working days after receipt of invoice following 180 days from equipment delivery and acceptance; remaining 27% within five working days after receipt of invoice following 180 days from system acceptance	2026
2	Customer O[2]	AIDC construction	155,451.7	26.4	30% paid within three working days after contract execution; 60% within three working days after equipment delivery and acceptance; remaining 10% within three working days after system acceptance	2026
3	Customer P	AIDC construction	105,852.6	18.0	Two payment arrangements: (i) 30% paid within seven working days after contract execution and receipt of invoice, 60% within seven working days after equipment delivery and acceptance, and remaining 10% within seven working days after final acceptance and signing of the acceptance report; or (ii) 40% paid within 10 working days after system acceptance and receipt of invoice, and remaining 60% in three annual instalments of 20% each within 10 working days after each 12-month anniversary of acceptance and receipt of invoice	2025
4	Customer Q[3]	AI Computing Cloud	21,315.6	3.6	Monthly payment in arrears, with the service fee paid within three working days after receipt of the invoice and settlement statement following the end of each monthly service period	2026
5	Customer R[4]	AI Computing Cloud	20,248.8	3.4	A performance security deposit and a platform service fee paid within 10 working days after service commencement; the performance security deposit applied against the service fees for the second and third settlement periods; service fee for the first settlement period paid within 15 working days after the end of such period and receipt of invoice	2026
Total			**475,610.4**	**80.8**		

Notes:

(1) A limited liability company incorporated in 2022 in China, primarily engaged in technology promotion, information technology consulting services, and new materials technology promotion services.

(2) A limited liability company incorporated in 2015 in China, primarily engaged in the R&D and sales of computer software, security products, and electronic products.

(3) A limited liability company incorporated in 2018 in China, primarily engaged in the R&D of engineering and technology, information system integration services, and telecommunications business operation.

(4) A limited liability company incorporated in 2023 in China, primarily engaged in technology promotion and application services.

None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year/period during the Track Record Period.

Salient Terms of Material Service Agreements

We generally enter into framework agreements or service orders with our customers. Salient terms of our agreements with major customers typically include:

- *Duration.* Our agreements with customers are typically long-term, framework agreements.
- *Service Scope.* The agreements specify the type of computing services, the configuration of resources, and any additional operational or maintenance services.
- *Payment agreement.* For standard computing services, we generally require customers to prepay for the service fees. For large-scale construction or integration projects, payments are typically made in instalments based on project milestones. We typically settle with our customers via bank transfer.
- *Intellectual properties.* We retain ownership and usage rights over intellectual properties developed prior to our engagement with our customers. Customers are granted usage rights to such intellectual property when it is applied to products or solutions supplied to them.
- *Transfer of risk.* The risk transfers to the customers after they complete inspection and confirm receipt of the solutions.
- *Termination.* Agreements may be terminated for material breach or, in some cases, for convenience with prior notice and settlement of outstanding fees.

During the Track Record Period and up to the Latest Practicable Date, our agreements entered with our five largest customers are legally binding and have not been subject to any material breaches that may adversely impact our business, financial condition and results of operations.

Customer Concentration

During the Track Record Period, our five largest customers in each year/period together generated revenue accounting for 54.8%, 85.7%, 88.0%, and 80.8% of our total revenue in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. The relatively high and increasing degree of customer concentration during the Track Record Period was primarily because our AI Computing Infrastructure Solutions business was at a relatively early and rapid-growth stage during the Track Record Period. Large-scale projects are by nature high-value, each of which individually generates significant revenue, resulting in an inherently concentrated revenue profile. See "Risk Factors—Risks Related to Our Business and Industry—We relied on a limited number of customers during the Track Record Period, and a loss of any major customer may adversely affect our business, results of operations and financial condition" for more details.

We believe our customer concentration will reduce over time as our business continues to mature and diversify. As we continue to expand the scale and coverage of our AI Computing Cloud Services, which provide recurring, on-demand computing resources to a broad range of customers across industries, we expect our revenue base to broaden. In addition, as our reputation and track record in AI Computing Infrastructure Solutions grow, we expect to engage a larger number of customers across diverse sectors, further reducing concentration. Further, during the Track Record Period, the largest customer in each year/period generated revenue accounting for 21.5%, 43.6%, 48.0%, and 29.4% of our total revenue in 2023, 2024, 2025 and for the six months ended June 30, 2026, respectively. The identity of our largest customer varied each year/period, reflecting the project-based nature of our AI Computing Infrastructure Solutions. According to CIC, this is consistent with industry practice. Based on the foregoing, the Directors believe that our customer concentration is a reflection of the project-driven nature of the AI Computing Infrastructure Solution and our business transformation and development process, and is expected to decrease progressively as our AI Computing Cloud Services scale and our customer base diversifies. We believe the risk of material adverse changes in customer relationships is limited.

OVERLAPPING OF OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, we had the following major overlapping customers and suppliers. Typically, we provide AI Computing Infrastructure Solutions to these customers/suppliers, and enter into leasing arrangements to rent AIDCs from them. Under such arrangements, we lease a designated portion of the AIDC from our customers, assuming operational management responsibility over the servers and other equipment within that leased portion to generate computing power, while our customers retain the remaining portion of the AIDC for their own use. These arrangements are strategically complementary, allowing us to secure long-term access to computing capacity that runs Alaya NeW OS natively, while enabling our customers, many of which develop AIDCs as regional computing infrastructure, to improve the utilization of their facilities. See "—AI Computing Cloud Services—Our Computing Power Pool" for more details. This arrangement is consistent with our business strategy of leveraging AI Computing Infrastructure Solutions projects to secure access to computing power capacity essential to our operations, and reflects a commercially complementary relationship between our revenue-generating activities and our procurement needs. According to CIC, this arrangement is in line with the industry practice.

Customer Group D is one of our five largest customers in 2023 and 2024 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions and AIFS Services to Customer Group D, and also procured broadband services from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer Group D contributed to (i) RMB6.6 million, RMB83.9 million, RMB6.5 million and nil of our revenue, respectively, representing 6.2%, 21.2%, 0.6% and nil of our total revenue for the same periods, respectively; and (ii) RMB39.1 thousand, RMB39.1 thousand, nil and RMB0.2 million of our total purchase amounts, respectively, representing 0.02%, 0.01%, nil and 0.02% of our total purchase amounts for the same periods.

Customer F/Supplier L is one of our five largest customers in 2024 and five largest suppliers in 2025 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions to Customer F/Supplier L, and procured AIDC rental services from it. In 2023, 2024, 2025 and for the six months ended June 30, 2026, Customer F/Supplier L contributed to (i) nil, RMB172.3 million, nil and nil of our revenue, respectively, representing nil, 43.6%, nil and nil of our total revenue for the same periods, respectively; and (ii) nil, nil, RMB293.6 million and RMB0.2 million of our total purchase amounts, respectively, representing nil, nil, 18.0% and 0.01% of our total purchase amounts for the same periods.

Customer I/Supplier F is one of our five largest suppliers in 2024 and five largest customers in 2025 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions to Customer I/Supplier F, and procured AIDC rental services from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer I/Supplier F contributed to (i) nil, nil, RMB527.4 million and nil of our revenue, respectively, representing nil, nil, 48.0% and nil of our total revenue for the same periods, respectively; and (ii) nil, RMB178.3 million, nil, and RMB6.8 million of our total purchase amounts, respectively, representing nil, 22.8%, nil and 0.6% of our total purchase amounts for the same periods.

Customer Group J/Supplier Group M is one of our five largest customers and suppliers in 2025 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions to Customer Group J/Supplier Group M, and procured AIDC rental services from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer Group J/Supplier Group M contributed to (i) nil, nil, RMB230.9 million and nil of our revenue, respectively, representing nil, nil, 21.0% and nil of our total revenue for the same periods, respectively; and (ii) nil, nil, RMB234.9 million and RMB21.0 million of our total purchase amounts, respectively, representing nil, nil, 14.4%, and 2.0% of our total purchase amounts for the same periods.

Customer Group K/Supplier Group K is one of our five largest customers and suppliers in 2025 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions to Customer Group K/Supplier Group K, and procured servers from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer Group K/Supplier Group K contributed to (i) nil, nil, RMB121.1 million and nil of our revenue, respectively, representing nil, nil, 11.0% and nil of our total revenue for the same periods, respectively; and (ii) nil, RMB1.2 million, RMB514.7 million and nil of our total purchase amounts, respectively, representing nil, 0.2%, 31.5% and nil of our total purchase amounts for the same periods.

Customer Group M/Supplier Group A is one of our five largest customers in 2025 and five largest suppliers in 2023 during the Track Record Period. During the Track Record Period, we primarily sold AI Computing Infrastructure Solutions to Customer Group M/Supplier Group A, and procured servers from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer Group M/Supplier Group A contributed to (i) nil, nil, RMB20.5 million and nil of our revenue, respectively, representing nil, nil, 1.9% and nil of our total revenue for the same periods, respectively; and (ii) RMB33.5 million, RMB0.2 million, nil and nil of our total purchase amounts, respectively, representing 16.1%, 0.02%, nil and nil of our total purchase amounts for the same periods.

Supplier H is one of our five largest suppliers in 2024 and 2025 during the Track Record Period. During the Track Record Period, we primarily procured AIDC rental services from Supplier H, and also sold AI Computing Cloud Services to it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Supplier H contributed to (i) nil, nil, RMB0.6 million and RMB1.3 million of our revenue, respectively, representing nil, nil, 0.1% and 0.2% of our total revenue for the same periods, respectively; and (ii) nil, RMB105.9 million, RMB132.1 million and RMB13.1 million of our total purchase amounts, respectively, representing nil, 13.6% and 8.0% and 1.2% of our total purchase amounts for the same periods.

Customer P/Supplier P is one of our five largest customers and suppliers for the six months ended June 30, 2026 during the Track Record Period. During the Track Record Period, we primarily sold servers, system software, and integrated services to Customer P/Supplier P, and procured AIDC rental services from it. In 2023, 2024, 2025, and for the six months ended June 30, 2026, Customer P/Supplier P contributed to (i) nil, nil, nil and RMB105.9 million of our revenue, respectively, representing nil, nil, nil and 18.0% of our total revenue for the same periods, respectively; and (ii) nil, nil, nil and RMB113.0 million of our total purchase amounts, representing nil, nil, nil and 10.6% of our total purchase amounts for the same periods.

During the Track Record Period, our negotiations of the terms in the sales and purchase agreements in connection with the overlapping customers and suppliers were conducted on a case-by-case basis and were not inter-conditional with each other. During the Track Record Period, there were no bundled or back-to-back trading arrangements and the key terms among overlapping customers and suppliers are generally not deviated from those of our other customers and suppliers. According to CIC, this overlapping relationship is in line with industry practice. Our Directors are of the view that these arrangements are within our ordinary course of business and under normal commercial terms.

QUALITY MANAGEMENT

We are committed to providing our customers with stable and reliable computing services. Given the nature of our business, our quality management system focuses on the stability of our cloud services and the reliability of the underlying hardware infrastructure.

Service Quality and SLA

We have established a comprehensive service quality assurance system. For our cloud services, we adhere to strict Service Level Agreements ("**SLAs**") with our customers, committing to high standards of availability and uptime. We have implemented an automated testing and monitoring framework within our platform, which allows us to continuously monitor the health status of computing resources, detect anomalies in real-time, and automatically schedule resources to minimize service interruptions.

Supply Chain Quality Control

Since our computing power relies on hardware procured from third-party suppliers, we exercise strict control over the quality of our supply chain. We select suppliers based on rigorous criteria, including their capital security, historical delivery track record, and maintenance capabilities. We require our suppliers to maintain domestic maintenance centers and spare parts inventories to ensure rapid response to hardware failures. Our suppliers are contractually-obligated to provide on-site maintenance and replacement services for defective hardware, ensuring that any hardware issues are resolved promptly without significant impact on our service delivery.

Customer Complaint and Refund Policy

We have established a customer complaint handling procedure to ensure that any service issues are addressed in a timely manner. For our online subscription services, we generally do not offer refunds once the service is provided, except in cases of material service failure or as otherwise required by law. However, we have a refund policy in place where, subject to our approval, customers may terminate their subscription and receive a refund for the unutilized portion of their prepaid fees in certain circumstances. During the Track Record Period and up to the Latest Practicable Date, we had not received any material litigations relating to service quality that had a material and adverse effect on our business, operations or financial condition. As of the same date, we did not experience any material product recalls or customer complaints.

COMPETITION

AIDC have become a prerequisite for the evolution and commercialization of AI. The market requires specialized AI computing service providers capable of delivering integrated, full-lifecycle services spanning planning, operations and development. According to CIC, the market size of China's AI computing services market, in terms of revenue, reached approximately RMB68.4 billion in 2025 and is expected to exceed RMB277.5 billion by 2030, representing a CAGR of 32.3% from 2025 to 2030.

China's AI computing services market is in a stage of rapid development, characterized by diverse participants and a dynamic competitive landscape. By revenue from AI computing services in China in 2025, the Company ranked among the top ten AI computing service providers in China. By revenue from AI computing services in China in 2025, the Company was the largest neocloud in China. See "Industry Overview—Competitive Landscape of China's AI Computing Services Market" for more details.

EMPLOYEES

As of June 30, 2026, we had 303 full-time employees. The following table sets forth the number of our employees by function:

Employee Function	Number of Employees	% of Total
Research and Development	156	51.5
Sales and Marketing	80	26.4
Administration	67	22.1
Total	**303**	**100**

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others. See "—Environmental, Social and Governance—Social Responsibility—Employee Management" for more details.

As required under PRC laws and regulations, we participate in various employee social security plans that are organized by applicable local and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specific percentages of the salaries of our employees. During the Track Record Period, there were instances where we did not make full contributions to social insurance or housing provident fund for certain employees. See "Risk Factors—Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties" for more details.

We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We integrate Environmental, Social and Governance ("**ESG**") considerations across our strategic planning, technology development, operations and business decision-making processes. While continuously enhancing our core technological capabilities and the commercial value of our AI computing services, we actively respond to the expectations of our employees, customers, business partners and the broader community.

As a neoclouds, we attach great importance to the sustainable development of our business. Mr. Fang Lei, our founder and chairman, was named in the 2025 Forbes China ESG Influential Figures List in recognition of his leading contributions to promoting green computing power infrastructure construction, fostering accessible computing and practicing global ESG standards. Under his leadership, in our daily operations, we actively promote accessible computing services, enhance resource utilization efficiency and continuously optimize our operations to reduce energy consumption and environmental impact.

ESG Governance

ESG Organization

We have integrated ESG risks into our overall risk management and internal control framework. To further strengthen ESG governance, the Company will establish a Board-led ESG governance system coordinated by management and supported by the participation of all employees.

The Board holds overall responsibility for formulating ESG mechanisms and policies, with key duties including assessing the prioritization of material ESG topics, approving ESG strategies, overseeing implementation, integrating ESG into major strategic decisions, and reviewing and approving the annual ESG report. Senior management is responsible for establishing an ESG committee to coordinate execution and report regularly to the Board. At the operational level, employee coordination teams are formed across the three ESG pillars to support and carry out day-to-day implementation.

Risk and Compliance Management

The Company is actively identifying material ESG-related issues, as well as potential ESG risks over the short-, medium- and long-term, assessing the likelihood of occurrence and potential impact of such risks. As neoclouds, the Company does not operate any manufacturing facilities and primarily conducts its operations in offices, AI computing centers and online. Accordingly, the Company does not face material health, safety or environmental risks in its day-to-day operations.

Potential Physical and Climate-related Risks

The increasing frequency of extreme weather events, such as heavy rainfall, extreme heat, and hurricanes, affects the stability of our operational facilities (e.g., office buildings and AIDC). Meanwhile, extreme weather may disrupt employee commuting and business travel. Climate change will impact the Company's decision-making and operations. The Company will continuously monitor environmental risks to achieve long-term sustainable business development.

Regulatory and Reputational Risks

With the relevant regulatory policies and industry standards are gradually being refined, which may have a certain impact on the AI computing service market in the future. Meanwhile, customers and stakeholders are increasingly focusing on environmental factors, showing a growing preference for green and low-carbon criteria as important considerations when selecting partners. Therefore, the Company will closely monitor regulatory developments and market environment changes.

Social and Talent Risks

The Company places significant emphasis on talent management and the protection of labor rights and interests. The Company strictly complies with applicable labor laws and regulations and responds promptly to regulatory updates. By establishing a robust employee rights protection and career development system we seek to mitigate employment risks, talent turnover and reputational pressure, thereby safeguarding our brand image and operational stability. The Company also attaches importance to occupational health and mental well-being. Through relevant mechanisms, it seeks to prevent occupational health and stress-related issues, thereby enhancing employee satisfaction and loyalty.

Compliance and Business Ethics

During our business operations, we strictly comply with applicable laws and regulations relating to data security, privacy protection, anti-monopoly, and anti-unfair competition, and continuously promote the effective implementation of a culture of compliance within the Company through institutional development, internal control processes, training and communication, and oversight mechanisms. We are also committed to collaborating with business partners that share our commitment to integrity, data and privacy protection, and sustainable industry development. During the Track Record Period, there were no concluded corruption litigation cases against the Company or its employees.

Environmental Responsibility

We strictly comply with environmental laws and regulations in all our operating locations, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, along with related regulations. During the Track Record Period, the Company has not been subject to any administrative penalties or negative publicity related to environmental non-compliance.

Resource Usage

We strictly comply with the Energy Conservation Law of the People's Republic of China, the Water Law of the People's Republic of China and other relevant laws and regulations. We have established and implemented internal energy conservation management policies to regulate the use of energy and water resources and continuously improve resource utilization efficiency. The Company actively promotes energy conservation and emissions reduction in its daily operations and has implemented various measures to lower resource consumption and mitigate environmental impact. Where feasible and applicable, the Company has placed reminder signage in office areas to encourage paper-saving and electricity conservation, fostering employees' awareness and good practices in resource efficiency during their daily work. The Company will continue to monitor and enhance its energy-saving and emissions reduction measures in line with its business development, and will further refine the relevant management mechanisms:

- During the Track Record Period, the majority of our electricity consumption was attributable to AIDC operation, as well as office lighting and air-conditioning systems. We continuously promote energy conservation through various initiatives, including, but not limited to, the display of energy-saving signage in office areas and the reinforcement of conservation principles in our employee handbook, thereby encouraging employees to develop good practices such as switching off lights when leaving and powering down idle equipment during daily operations. We have set clear energy-saving targets with the aim of achieving an approximate 5% reduction in electricity usage annually.

- During the Track Record Period, the Company's water consumption was primarily associated with the operation of AIDC and daily office activities. We continuously enhance employees' awareness of water conservation through administrative communications and the display of water-saving advocacy signage. We encourage employees to adopt good practices, such as turning off taps after use and preventing water leakage. We have established clear water-saving targets and are implementing and continuously monitoring measures with the objective of achieving approximately 5% reduction in water usage annually.

- During the Track Record Period, our resource consumption was as follows:

		Year Ended December 31,		
Indicator	**Units**	**2023**	**2024**	**2025**
Electricity Consumption	MWh	150.1	1,093.3	14,167.2
Water Consumption	Tonnes	1,102	1,783	1,937

During the Track Record Period, driven by the expansion of our AIDC business and its inherently energy-intensive nature, the Company's total electricity consumption exhibited an upward trend. We will comprehensively promote refined energy management in our electricity planning and gradually reduce power density by introducing advanced technologies such as efficient power supply and distribution systems, continuously increasing the proportion of green electricity usage. In respect of water resource management, total water consumption increased as a result of business expansion, while the Company has achieved a gradual moderation in the year-on-year growth of water consumption, benefiting from economies of scale and the effective implementation of water-saving measures. The Company will continue to enhance its water management policies, promote water-saving upgrades and improve water utilization efficiency, with a view to further reducing water consumption alongside business growth.

AIDC Energy management

We are committed to embedding green and low-carbon principles throughout the full lifecycle of our AIDC planning, construction and operations. For the six months ended June 30, 2026, the average computing power utilization rate of our operating AIDCs exceeded 79.6%, while the monthly utilization rate reached 89.1% in June 2026. Our Power Usage Effectiveness (PUE) reduced to 1.26, and nearly 60% of our server rooms achieving Energy Efficiency Grade 2, including two server rooms achieving Energy Efficiency Grade 1. As of June 30, 2026, one of our server rooms had commenced the use of renewable electricity, and we will progressively expand the adoption of renewable energy across our AIDCs while continuing to optimize our energy structure and enhance energy efficiency, with a view to providing cleaner and more efficient computing infrastructure for the digital economy in a responsible manner.

In 2026, the Company further advanced green computing initiatives through collaboration with industry partners on energy coordination, green electricity utilization and low-carbon data center development, with a focus on improving the efficiency and traceability of energy consumption across AI computing operations.

Climate Change Response

We continuously integrate climate response measures into our business operations and management. Extreme weather events arising from climate change may disrupt supply chains, affect production and increase costs. In response, we will establish regular inspection and meteorological early warning mechanisms to mitigate physical risks. In addition, the Company actively implements energy-saving practices in data center operations, continuously optimizes operational efficiency, and aims to effectively reduce carbon emissions.

Waste management

We place strong emphasis on waste management and are committed to reducing waste generation through systematic management processes, thereby minimizing environmental impact. During the Track Record Period, we did not generate significant amounts of hazardous solid waste in our daily operations. The solid waste generated was primarily non-hazardous waste from routine administrative office activities. From 2023 to 2025, the total amount of non-hazardous solid waste generated was 0.46 tonnes, 0.48 tonnes and 0.71 tonnes, respectively, while the intensity of such waste decreased from 0.43 tonnes per RMB100 million of revenue to 0.12 tonnes and 0.06 tonnes. The Company's business operations do not involve the emission of exhaust gases or pollutants. To further protect the environment, we have established a target of 100% compliance with disposal of waste.

Greenhouse Gas Emission

We are continuously enhancing our greenhouse gas ("**GHG**") supervision and control mechanisms. We will continue to implement emission reduction initiatives, including, without limitation, utilizing AIDCs powered by renewable energy, promoting the adoption of new energy transportation vehicles, improving energy efficiency, selecting more environmentally-friendly packaging materials, and establishing monitoring and evaluation mechanisms. We have set carbon emission reduction targets, planning to reduce GHG emission by approximately 10% before 2028.

During the Track Record Period, our historical quantified GHG emissions data were as follows:

		Year Ended December 31,		
Indicator	**Unit**	**2023**	**2024**	**2025**
Scope 1 Greenhouse Gas Emission[(1)]	tCO_2e	N/A	N/A	N/A
Scope 2 Greenhouse Gas Emission[(2)]	tCO_2e	105.1	765.3	9,917.1
Scope 3 Greenhouse Gas Emission[(3)]	tCO_2e	2.7	3.0	4.2

Notes:

(1) As our operations do not involve the direct use of fossil fuels, we did not generate Scope 1 direct GHG emissions during the Track Record Period.

(2) The calculation scope for Scope 2 GHG emissions includes the purchased electricity used.

(3) The calculation scope for Scope 3 GHG emissions includes the emission generated from the electricity used for treatment of wastepaper, fresh water and sewage processing.

During the Track Record Period, our operations did not involve the direct combustion of fossil fuels, and the Company's primary source of carbon emissions was indirect emissions attributable to purchased electricity. With the expansion of our business, the overall increase in electricity purchased during the Track Record Period led to a corresponding rise in indirect GHG emissions. Going forward, while continuing to control energy consumption, we will systematically mitigate the pressure of GHG emissions arising from business growth by establishing a comprehensive carbon emissions measurement system and participating in market-based renewable electricity trading.

Green Products and Responsibility

As one of the industry leaders in accessible computing power, the Company is committed to integrating accessible computing power and green product responsibility concepts into our business while practicing green and low-carbon transformation in our operations, to provide society with more advanced, intelligent and environmentally-friendly green computing power. The Company through Alaya NeW Cloud, innovatively builds a low-carbon computing power dispatch network, and achieves efficient conversion and stable supply of clean energy through intelligent dispatch of green electricity resources, providing the industry with verifiable green computing power solutions. The Company also seeks to promote green computing through industry collaboration, including cooperation with energy and environmental partners to facilitate green electricity utilization, energy-computing coordination and low-carbon computing infrastructure.

As a pioneer in green computing, we have widely deployed energy-efficient equipment across our AIDCs and systematically enhance the efficiency of computing resource utilization through technological innovation. Our Serverless + RL architecture enables the pooling and intelligent scheduling of computing resources, supporting coordinated management of underlying hardware, which reduces energy consumption and carbon footprint at the infrastructure level. At the service level, we adopt an accessible computing power model centered on the compute unit DCU, combined with an on-demand elastic supply mechanism, which effectively promotes the intensive utilization of societal computing resources and reduces the risk of idle capacity and waste, reflecting our responsibility for green products and services.

Social Responsibility

Community Engagement

We firmly believe that the "computing divide" is a key constraint on the realization of accessible AI development. To address this, we uphold the philosophy of "restoring computing power to its role as a productive tool" and commit ourselves to advancing the goal of making computing power widely accessible and affordable. The Company also seeks to make AI capabilities more accessible through token-based AI services, enabling customers and developers to consume AI computing and model capabilities on a flexible, usage-based basis. This approach helps lower the upfront cost and technical barriers associated with AI adoption and supports broader participation in AI innovation. The developer ecosystem we have built and operate serves not only as a hub for technical exchange and collaboration, but also as an important channel for extending our "software-defined computing" capabilities and our flexible service model of "on-demand usage with metered billing" to a broad base of innovators. During the Track Record Period, we have effectively lowered the barriers and technical costs associated with accessing and utilizing computing across a wide range of industries, enabling computing power to function as a flexible and schedulable digital means of production.

The Company continues to deepen the integration of industry, academia and research and knowledge sharing, actively participating in premier academic and industry events such as WAIC 2026, WAIC 2025 and VALSE 2025 and establishing customized AI computing cooperation with multiple top universities to promote the accessibility of cutting-edge AI technology and talent cultivation. In addition, we actively promote the application of accessible computing in scientific research through collaboration with universities, research institutions and academic organizations. For example, we have supported AI for Science initiatives by providing accessible AI computing resources and AI-driven research capabilities to researchers, helping lower the barriers to scientific computing and fostering an open and collaborative research ecosystem. Continuous community feedback and co-creation also drive the continuous optimization of our self-developed AI computing operating system and service model in reverse, thereby building a solid technical and ecological foundation for bridging the computing power gap and stimulating new industrial momentum. We firmly believe that working with industry partners and community developers to jointly promote the implementation of accessible computing power is an important path to fulfilling corporate social responsibility and promoting growth of the digital economy.

Intellectual Property Protection

Intellectual property is one of our core assets. The Company has established an Intellectual Property Department responsible for the application and management of intellectual property rights. We have also put in place a systematic framework for innovation incentives and protection, including the "Intellectual Property Management Measures" (《知識產權管理辦法》), the "DataCanvas Intellectual Property and Related Technology Achievement Reward Measures" (《九章雲極知識產權及相關技術成果獎勵辦法》),

the "DataCanvas Trademark Management Measures" (《九章雲極商標管理辦法》), and the "DataCanvas Software Copyright Registration Management Measures" (《九章雲極軟件著作權登記管理辦法》), thereby building a proprietary patent portfolio tailored to the company. See "—Intellectual Property" for more details of the intellectual property we obtained. The Company will continue to strengthen its technological barriers in the intelligent computing services sector and enhance its intellectual property protection capabilities.

Information Security Governance and Data Protection

The Company has established a dedicated information security management function to address the increasingly complex cybersecurity landscape and evolving regulatory requirements, and to safeguard the stable operation of its business. Internally, the Company has formulated the Cybersecurity Policy (《網絡安全管理制度》), Emergency Response Plan of Network and Information Security (《網絡與信息安全事件應急預案》), *Information Security Management Rules* (《信息安全管理規範》), establishing a comprehensive set of internal management requirements. With respect to data security and privacy protection, the Company not only defines responsibilities and obligations through contractual arrangements, but also implements its commitments through technological measures, establishing a robust multi-layered security protection system. The Company has specific data protection agreements to clearly define the rights, obligations and data privacy boundaries of both parties at the institutional level, and continuously conducts regular third-party security audits and internal compliance inspections to closely monitor and assess the effectiveness of existing data security measures.

Apart from that, the Company continues to strengthen its information security protection capabilities in both technology and operational management and has established a comprehensive cybersecurity emergency response plan. The Alaya NeW AI computing operations management platform, has successfully obtained certification under the national Multi-Level Protection Scheme (MLPS) Level 3 (國家《信息系統安全等級保護3級》) for information system security. At the Company level, we also obtained ISO/IEC 27001 Information Security Management System certification. In addition to strengthening our internal information security governance, we continuously enhance the security of our AI computing services through measures including security monitoring, access control, data protection and governance, and operational risk management. We are committed to delivering secure, stable and reliable AI computing services while safeguarding the confidentiality, integrity and availability of customer information and data throughout the service lifecycle.

Cloud Services Quality and Responsibility

As neoclouds, we deeply integrate product security, data responsibility, and innovation protection into our operations, and have obtained ISO 9001 Quality Management System certification in the field of computer application software design, development, and technical services. In addition, we have obtained ISO/IEC 20000 Information Technology Service Management System certification, which supports the delivery of stable, reliable and high-quality AI computing services through standardized service management processes and continuous operational improvement. During the Track Record Period, benefiting from regular security audits, system inspections, and stringent quality control processes, our platform did not experience any customer complaints arising from data privacy and security issues or other system vulnerabilities. We place strong emphasis on customer feedback, and all inquiries and improvement suggestions related to products and technical services received through technical service agreements have been promptly addressed and closed-loop resolved.

Supply Chain Management

We fully recognize the critical importance of our supply chain to the quality of our products and services, and regard our suppliers as key partners in jointly delivering innovative and efficient AIDC services to our customers. In respect of supplier selection, we have established clear screening criteria covering product quality as well as environmental and social risks. We require suppliers to provide quality management system and environmental management system certificates, product-related testing reports, relevant industry case studies and experience, and other supporting qualification documents.

We prioritize suppliers with strong overall performance in quality, delivery, cost and after-sales service, while incorporating environmental and social risk assessment as a core screening criterion. Suppliers are required to possess necessary legal and regulatory qualifications related to environmental compliance. We give preference to enterprises that have obtained green certifications, maintain well-established environmental protection facilities and demonstrate high resource utilization efficiency. In terms of social responsibility, suppliers are required to strictly comply with applicable laws and regulations relating to labor practices, workplace safety and occupational health, and to safeguard the legitimate rights and interests of their employees. Suppliers with records of significant environmental violations, safety incidents or adverse credit history will be subject to prudent evaluation and may be excluded from our approved supplier list. In the future, we will continue to enhance our supplier ESG evaluation mechanisms and actively promote the transition of our supply chain towards low-carbon and sustainable development.

Employee Management

We are committed to fostering a fair, respectful and inclusive working environment and strictly comply with the labor laws and regulations of the People's Republic of China, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, and the Provisions on the Prohibition of Child Labor. We prohibit discrimination, harassment, bullying, unauthorized disclosure of confidential information and other conduct based on protected characteristics.

As a socially responsible neocloud, we actively promote inclusive employment and provide equal job opportunities for women, persons with disabilities, and other underrepresented groups. The Company offers suitable positions to people with disabilities and makes necessary adjustments to workplace facilities, together with assistive devices and individualized support. We place strong emphasis on the development and advancement of female employees, strive to eliminate implicit workplace barriers, and foster a fair and supportive working environment. We believe that a diverse workforce is an important source of the Company's innovation vitality. As of June 30, 2026, the Company had a total of 303 employees, with female employees representing a meaningful proportion of our workforce, and 4 employees with disabilities. The Company safeguards the lawful rights and interests of female employees during pregnancy, maternity leave and related periods in accordance with applicable laws and regulations and strictly prohibits any form of sexual harassment or workplace abuse. We will continue to promote gender diversity and equal opportunities across all levels of the company while striving for a net annual increase in the number of employees with disabilities, so as to uphold our commitment to diversity, equity and inclusion. During the Track Record Period, the Company did not experience any incidents of child labor, forced labor or discrimination.

We place strong emphasis on the contribution of each employee and provide fair remuneration and career development opportunities. The Company has established a multi-tier talent development and promotion system. Through a management trainee program, we accelerate the development of promising graduates and early-career professionals into core members with comprehensive managerial capabilities. To establish diversified career progression pathways, the Company has also launched the "KaiMing training program" ("開明訓練營"), which provides structured professional guidance and systematic training to support high-potential employees in achieving rapid development and capability enhancement, thereby continuously injecting vitality and momentum into the Company's long-term growth. Employees may also access a wide range of learning and development opportunities enabling them to enhance their professional skills and knowledge, and supporting their long-term career development within the Company.

Occupational Health and Safety (OHS)

We strictly comply with the Work Safety Law of the People's Republic of China, the "Fire Protection Law of the People's Republic of China and other applicable laws and regulations. We have established comprehensive internal management systems and have obtained the ISO 14001 Environmental Management System certification and the ISO 45001 Occupational Health and Safety Management System certification. During the Track Record Period, the Company complied, in all material respects, with applicable laws and regulations in the PRC relating to health and occupational safety, and no adjudicated work-related injury incidents or fatalities occurred in the course of our operations.

PROPERTIES

Our principal executive offices are located in Beijing, China, respectively. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, we primarily leased 8 properties in China with an aggregate gross floor area of 4,729.38 sq.m. mainly as our offices. We believe that there is sufficient supply of properties in Chinese Mainland, and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

During the Track Record Period and up to the Latest Practicable Date, we have not received any notices or administrative penalty decisions from the relevant authorities requiring us to complete lease registration filings for certain leased properties. Our PRC Legal Advisor has advised that the absence of lease registration filings does not affect the validity of the lease agreements and will not have a material adverse impact on the overall business of the Company.

INSURANCE

We maintain supplemental medical insurance for our employees. The supplemental medical coverage provides our employees with enhanced protection beyond the statutory social insurance requirements. According to CIC, the coverage of our insurance is in line with the market practice. We review our insurance policies timely to ensure its compliances with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with the general market practice.

During the Track Record Period, we were not subject to any material claim of insurance. See "Risk Factors—Our limited insurance coverage could expose us to significant costs and business disruption" for more details.

LICENSES, APPROVALS AND PERMITS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations, and there is no material legal impediment to renewing such licenses, permits and approvals upon their expiration. The following table sets forth the details of the material licenses and permits necessary for our business operations as of the Latest Practicable Date.

License/Permit	Holder	Grant Date	Expiration Date
Value-Added Telecommunications Business Operating License	The Company	December 27, 2024	November 14, 2028
Value-Added Telecommunications Business Operating License	Shanghai Shuzhong Technology Co., Ltd. (上海數中科技有限公司)	July 17, 2025	July 17, 2030
Filing Certificate for Information System Security Level Protection	The Company	July 29, 2025	N/A
Value-Added Telecommunications Business Operating License	Beijing Yizhang	September 17, 2026	September 17, 2031

See "Risk Factors—Risks Related to Our Business and Industry—If we fail to obtain and maintain the requisite licenses and approvals required under the regulatory environment applicable to our business, our business, results of operations and financial condition may be materially and adversely affected" for more details.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. During the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisor, except as disclosed in the document, we had complied with the relevant applicable PRC laws and regulations in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

Operational Risk Management

To manage these risks, we have implemented distinct internal control procedures for our businesses. These risks primarily stem from deficiencies in internal processes and systems, personnel mistakes, disruptions to our IT infrastructure, or external events. We view these as key risks to our business but believe they can be effectively controlled and mitigated through adequate operational procedures. Our policy delineates the main operational risks and corresponding control measures for each department. For our AI Computing Infrastructure Solutions, we have established a project decision committee to oversee the project lifecycle. The project decision committee conducts a comprehensive assessment of the project's costs, risks, and potential profitability. On at least an annual basis, we conduct risk management evaluations, and our internal audit function reports its findings to our Directors for ongoing enhancement.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including budget management policies, treasury management policies, and expense management policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. Our finance department operates under a centralized management model, where the funds of our subsidiaries are centrally managed by the Group to ensure capital security and efficiency. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them during daily operations.

Compliance Risk Management

To manage our compliance with the evolving regulatory landscape in the PRC, we have implemented a number of internal control measures. This is critical as our business operations in different regions are subject to various requirements for obtaining and renewing licenses, permits, and approvals. We have designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities to ensure we obtain requisite licenses to operate our business. We also have a dedicated data compliance department to oversee our data security and privacy compliance, ensuring that our operations comply with applicable laws. Our legal department reviews all material contracts and business arrangements to identify and mitigate potential legal risks.

Intellectual Property Risk Management

We have established an internal intellectual property management system and implemented various policies to properly manage our IP portfolio and mitigate the risk of infringement litigation. As a technology-intensive company, we may, in the course of our operations, face claims from third parties holding patents or other intellectual property, alleging infringement or asserting their rights. We have implemented strict confidentiality measures and require our employees to sign confidentiality agreements

to protect our proprietary technologies and trade secrets. We also conduct IP searches and analysis before launching new products to minimize the risk of infringing third-party IP rights. See "Risk Factors—We may be subject to intellectual property infringement claims, which may result in diversion of our financial and management resources or adversely affect our business, results of operations and financial condition" for more details.

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we had received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award Authority	Award Year
Shortlisted in the "Panorama of High-Quality Digital Transformation Products and Services (2022)" – "Artificial Intelligence" Sector	CAICT	2023
2022 AI Golden Goose Award – AI Leading Enterprise Award	Artificial Intelligence Committee of China Electronics Chamber of Commerce	2023
2024 Typical Demonstration Application Cases of Large Models – DataCanvas Alaya NeW Intelligent Computing OS	CAICT East China Branch	2024
First Batch to Pass the Four Major Domain Evaluations of CAICT's AI System	CAICT	2025
China Unicorn Enterprise TOP 50	The Capital	2025, 2026
2025 Excellent Case in Computing Power Interconnection – "Computing Power Metering and Pricing" Technology Innovation Practice Project	Beijing Communication and Internet Association	2025
National Specialized and Sophisticated Little Giant Enterprise	Ministry of Industry and Information Technology (MIIT)	2025
2025 Independent Intelligent Computing Cloud Unicorn Enterprise (Gold Award)	Deben Consultancy	2025
"AI China" Machine Heart 2025 Annual Selection – AI Leading Enterprise TOP 20	Synced	2025
Intelligent Computing Cloud Platform Capability Assessment for Alaya NeW Cloud	CAICT	2026
High-Quality Token Cloud Service Capability Assessment for Alaya Token	CAICT	2026
Selected into the APEC Digital & Intelligent Empowerment Casebook (Alaya NeW Cloud Empowering Indonesia NeutraDC Computing Center Project)	Asia-Pacific Economic Cooperation (APEC)	2026
Selected into the 2025 List of Typical Cases for Coordinated Development of New Information Infrastructure (Computing Power Metering and Billing Industrial Application)	MIIT	2026
2026 China AI New Cloud Market Leadership Award	Frost & Sullivan	2026

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report. Our consolidated financial information has been prepared in accordance with all applicable IFRS Accounting Standards, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in "Risk Factors." Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading AI computing service provider in China, purpose-built for the full lifecycle of AI workloads spanning large-scale model training and inference. We provide turnkey AI computing infrastructure solutions for AI data center ("**AIDC**") projects and deliver on-demand cloud computing services powered by our proprietary computing operating system. According to CIC, by revenue in 2025, we ranked ninth among AI computing service providers in China and were the only neo AI computing service provider among the top ten, making us the largest neocloud in China.

Having established our capabilities through AI Foundation Software ("**AIFS**") services, we pivoted in early 2023 to concentrate our strategic resources on AI computing infrastructure and cloud services. Today, we operate across two primary business lines: AI Computing Infrastructure Solutions and AI Computing Cloud Services. We delivered three, five, six, and three projects for AI Computing Infrastructure Solutions in 2023, 2024, 2025 and in the six months ended June 30, 2026, respectively. Our number of enterprise customers for AI Computing Cloud Services increased from two in 2024 to 75 in 2025, and further to 84 in the six months ended June 30, 2026. As of the Latest Practicable Date, our controllable computing capacity exceeded 29,000 PFLOPS across seven provinces in China.

We experienced significant growth during the Track Record Period. Our revenue increased from RMB106.2 million in 2023 to RMB395.5 million in 2024 and further to RMB1,098.2 million in 2025, and from RMB306.4 million in the six months ended June 30, 2025 to RMB588.4 million in the six months ended June 30, 2026. We recorded gross profit of RMB43.2 million, RMB46.3 million, RMB191.4 million, RMB56.3 million and RMB182.4 million in 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026, respectively, representing gross profit margins of 40.6%, 11.7%, 17.4%, 18.4% and 31.0%, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared based on the accounting policies set out in Note 2 to the Accountants' Report which conform with IFRS Accounting Standards issued by the International Accounting Standards Board. For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgements, estimates and assumptions in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants' Report.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are influenced by various general factors that affect customer demands and market conditions for our products, including macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these conditions may adversely impact our results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Our Ability to Compete Effectively in the Industry and to Capture the Market Opportunities

We operate in a relatively new and competitive industry. Our business and results of operations are significantly affected by the development of AI infrastructure industry, especially the AI computing service industry in China. According to CIC, the size of China's AI computing service market, in terms of revenue, increased from RMB14.0 billion in 2021 to RMB68.4 billion in 2025 with a CAGR of 48.6%, and is expected to increase from RMB68.4 billion in 2025 to RMB277.5 billion in 2030 with a CAGR of 32.3%.

Our ability to capture such market opportunities affects our project pipeline, customer acquisition and demand for our computing resources, which in turn drives our business scale, revenue growth and gross profit. We have successfully captured, and we believe that we are well-positioned to continue to capture, various market opportunities brought by the development of China's AI computing service market. In 2023, 2024, 2025 and the six months ended June 30, 2026, we recorded revenue of RMB106.2 million, RMB395.5 million RMB1,098.2 million and RMB588.4 million, respectively. According to CIC, by revenue in 2025, we ranked among the top ten AI computing service providers in China and first among neo AI computing service provider in China. As we continue to capture market opportunities, expand our customer base and increase utilization of computing resources, our business scale, revenue and gross profit are expected to be affected accordingly. We intend to solidify our market leadership by executing our AI-first technology roadmap through continuous R&D and architectural innovation, enhancing our offering matrix, and accelerating global expansion to capture the localized AI infrastructure opportunity.

Our Ability to Successfully Launch and Upgrade Solutions and Services

Our ability to successfully launch and upgrade our solutions and services directly influences customer adoption, usage intensity, customer retention and monetization, which in turn affects our revenue growth and results of operations. We currently provide (i) AI Computing Infrastructure Solutions, under which we deliver turnkey services for the establishment of AIDCs, (ii) AI Computing Cloud Services, under which customers access flexible or dedicated computing resources, and (iii) AIFS Services, under which we provide customized AI software solutions tailored for professional institutions. During the Track Record Period, we leveraged our accumulated expertise in AI software development from the delivery of AIFS Services to support the launch, development and continuous upgrade of AI Computing Infrastructure Solutions and AI Computing Cloud Services, and gradually shifted our focus toward these higher-demand business areas in response to industry trends. Such transition affected our revenue mix, cost structure and gross profit margin profile. In particular, AI Computing Infrastructure Solutions and AI Computing Cloud Services generally involved larger project scale and broader monetization opportunities, which supported revenue growth and gross profit contribution, but also required higher procurement, deployment and infrastructure-related costs at the early stage.

As customer requirements evolve and new use cases emerge, we will continue to upgrade the performance, stability, scalability and functionality of our AI Computing Infrastructure Solutions and AI Computing Cloud Services, optimize our service portfolio, enhance the allocation and utilization of computing resources, and improve customer experience and delivery effectiveness. As our business continues to scale, we expect these initiatives to enable greater economies of scale, improve resource utilization and delivery efficiency, support customer conversion and project delivery, and in turn increase revenue, improve cost efficiency and support margin improvement over time.

Our Ability to Enhance Engagement with Customers

Our ability to enhance engagement with customers is a key factor affecting our financial performance, as it directly influences our ability to identify customer needs, convert such needs into projects or usage, increase customer spending and improve resource utilization.

For AI Computing Infrastructure Solutions, customer engagement is reflected in our ability to identify project demand and deliver projects that meet customers' requirements. As we deepened our engagement with customers, the number of projects delivered increased from three in 2023 to five in 2024 and further to six in 2025, and from two in the six months ended June 30, 2025 to three in the six months ended June 30, 2026, and we were able to pursue projects with greater complexity and higher average contract value. As a result, revenue generated from our AI Computing Infrastructure Solutions increased from RMB24.9 million in 2023 to RMB334.0 million in 2024 and further to RMB1,002.0 million in 2025, and from RMB269.4 million in the six months ended June 30, 2025 to RMB434.0 million in the six months ended June 30, 2026.

For AI Computing Cloud Services, customer engagement is reflected in our ability to attract users and encourage usage of computing resources. Following the launch of such services in September 2024, the number of enterprise customers increased from two in 2024 to 75 in 2025, and from 42 in the six months ended June 30, 2025 to 84 in the six months ended June 30, 2026, contributing to the expansion of our revenue base during the Track Record Period. Increased usage of computing resources improves capacity utilization and allows us to spread costs over a larger revenue base, thereby supporting gross profit margin and operating leverage. Accordingly, our ability to deepen customer engagement and increase customer spending directly affects our revenue growth and profitability.

Our Investment in Research and Development

Our investment in research and development affects our ability to maintain and enhance the competitiveness of our solutions and services, which in turn influences customer adoption and revenue growth. We invest in R&D to improve the performance, stability, scalability and functionality of our offerings, develop new features and service modules and enhance our platform capabilities to meet evolving customer needs. Continued technology innovation supports our ability to expand use cases, strengthen customer value and remain competitive, which may contribute to revenue growth and improved operating performance over time.

In addition, we have been making and will continue to make significant and sustained investments in R&D to enhance our technological capabilities, upgrade our products and services, and support the development of new use cases. Our R&D expenses were RMB111.6 million, RMB103.4 million, RMB121.6 million, RMB53.1 million and RMB66.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 47.3%, 42.9%, 50.2%, 53.0% and 42.3% of our total operating expenses, being the sum of selling and marketing expenses, general and administrative expenses, and research and development expenses, for the relevant periods, respectively. Such investments increase our operating expenses, which may affect our profitability and margins, particularly as we continue to expand our business and invest in future growth.

Our Ability to Manage Costs and Enhance Operating Leverage

Our gross profit margin, is significantly affected by our ability to manage and control our cost of sales. Our cost of sales consists primarily of hardware procurement costs, depreciation, technical service costs and staff costs. Our ability to manage procurement and supplier relationships, optimize capacity planning and resource utilization and improve service delivery efficiency directly affects our unit costs and gross profit. As our business continues to grow, we expect to materialize our economies of scale through enhanced bargaining power with suppliers and improved supply chain efficiency, which will support our cost management and gross profit margin improvement over time.

Our profitability and operating leverage also depend on our ability to improve the efficiency of our operating expenses as we scale. During the Track Record Period, our operating expenses primarily consisted of research and development expenses, selling and marketing expenses and general and administrative expenses. We expect the absolute amount of these expenses to increase as we continue to expand our operations and capabilities. However, we seek to reduce operating expenses as a percentage of revenue through economies of scale, improved operational efficiency and enhanced sales productivity, which may in turn strengthen our operating leverage and profitability over time.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements, including but not limited to revenue recognition, financial instruments, share-based payment and leases. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. For details, see Notes 4 and 5 to the Accountants' Report.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
			(RMB in thousands)		
				(unaudited)	
Revenue	106,232	395,505	1,098,155	306,417	588,383
Cost of sales	(63,081)	(349,246)	(906,780)	(250,124)	(405,991)
Gross profit	**43,151**	**46,259**	**191,375**	**56,293**	**182,392**
Other income	2,328	3,420	13,016	5,551	6,617
Impairment losses (including reversals of impairment losses) on financial assets and other items	(153)	(4,462)	(10,175)	(3,013)	(11,166)
Other gains and losses	(842)	(132)	(1,187)	(464)	(772)
Selling and marketing expenses	(58,432)	(60,575)	(55,720)	(18,090)	(45,997)
General and administrative expenses	(66,032)	(77,148)	(65,101)	(29,009)	(45,215)
Research and development expenses	(111,551)	(103,435)	(121,636)	(53,121)	(66,785)
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share of results of an associate	(2)	(316)	397	(122)	(325)
Finance costs	(3,011)	(9,777)	(42,922)	(18,004)	(35,242)
Changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	(199,664)	(252,023)	(239,532)	(178,190)	(1,067,753)
Loss before tax	**(394,208)**	**(458,189)**	**(335,526)**	**(238,169)**	**(1,094,755)**
Income tax expense	–	(221)	(71)	(4)	(123)
Loss for the year/period	**(394,208)**	**(458,410)**	**(335,597)**	**(238,173)**	**(1,094,878)**

Non-IFRS Measure

We use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items and provide useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net loss (non-IFRS measure) as loss for the year/period adjusted for changes in fair value of financial liabilities at FVTPL, **[REDACTED]** and share-based payments. Financial liabilities at FVTPL represent the fair value of paid-in capital/ordinary shares with preferred rights, warrants and convertible loan notes. The paid-in capital/ordinary shares with preferred rights will be reclassified to equity after the termination of the investors' redemption rights upon **[REDACTED]**. In addition, the warrants and convertible loan notes were fully settled in November 2025 and May 2026, respectively. **[REDACTED]** are related to the **[REDACTED]**. Share-based payments are non-cash in nature.

The following table sets forth a reconciliation of our loss for the year/period to adjusted net loss (non-IFRS measure) for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(unaudited)	
Loss for the year/period	(394,208)	(458,410)	(335,597)	(238,173)	(1,094,878)
Adjusted for:					
Changes in fair value of financial liabilities at FVTPL	199,664	252,023	239,532	178,190	1,067,753
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share-based payments	204	182	754	66	1,732
Adjusted net loss for the year/period (Non-IFRS measures)	**(194,340)**	**(206,205)**	**(91,270)**	**(59,917)**	**(14,884)**

Revenue

In the Track Record Period, we primarily generated revenue from the provision of (i) AI Computing Infrastructure Solutions, (ii) AI Computing Cloud Services, and (iii) AIFS Services. The following table sets forth a breakdown of our revenue by business segments for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
AI Computing Infrastructure Solutions	24,938	23.5	333,963	84.4	1,001,958	91.2	269,449	87.9	434,046	73.8
AI Computing Cloud Services	–	–	196	0.1	77,614	7.1	29,605	9.7	153,839	26.1
AIFS Services[1]	81,294	76.5	61,346	15.5	18,583	1.7	7,363	2.4	498	0.1
Total	**106,232**	**100.0**	**395,505**	**100.0**	**1,098,155**	**100.0**	**306,417**	**100.0**	**588,383**	**100.0**

Note:

(1) The revenue from AIFS Services decreased during the Track Record Period, primarily because we gradually phased out AIFS Services in response to prevailing industry trends. See "Business—Our Business Model—Our Strategic Business Repositioning" for more details.

Cost of Sales

Our cost of sales consists primarily of (i) hardware procurement costs mainly in connection with servers, (ii) depreciation of leased AIDCs, (iii) technical service costs, which primarily represent on-premise deployment and support services, and (iv) staff costs, which represent salaries and benefits of our employees. The following table sets forth a breakdown of our cost of sales by nature for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Hardware procurement costs	29,782	47.2	295,942	84.7	730,073	80.5	181,437	72.6	262,326	64.7
Depreciation	–	–	22,648	6.5	139,971	15.4	50,617	20.2	124,374	30.6
Technical service costs	15,179	24.1	12,992	3.7	18,641	2.1	9,711	3.9	14,119	3.5
Staff costs	15,568	24.7	10,148	2.9	6,302	0.7	6,280	2.5	1,767	0.4
Others	2,552	4.0	7,516	2.2	11,793	1.3	2,079	0.8	3,405	0.8
Total	**63,081**	**100.0**	**349,246**	**100.0**	**906,780**	**100.0**	**250,124**	**100.0**	**405,991**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB in thousands, except for percentages)									
							(unaudited)			
AI Computing Infrastructure Solutions	1,571	6.3	41,964	12.6	263,499	26.3	84,279	31.3	178,318	41.1
AI Computing Cloud Services	–	–	(22,452)	(11,455.1)	(72,185)	(93.0)	(29,347)	(99.1)	3,902	2.5
AIFS Services	41,580	51.1	26,747	43.6	61	0.3	1,361	18.5	172	34.5
Total	**43,151**	**40.6**	**46,259**	**11.7**	**191,375**	**17.4**	**56,293**	**18.4**	**182,392**	**31.0**

Other Income

Our other income consists primarily of government grants and interest income. The following table sets forth a breakdown of our other income for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Government grants	1,492	64.1	2,919	85.4	12,661	97.3	5,363	96.6	6,254	94.5
Interest income	590	25.3	422	12.3	289	2.2	188	3.4	363	5.5
Others	246	10.6	79	2.3	66	0.5	–	–	–	–
Total	**2,328**	**100.0**	**3,420**	**100.0**	**13,016**	**100.0**	**5,551**	**100.0**	**6,617**	**100.0**

Impairment Losses on Financial Assets and Other Items

Our impairment losses (including reversal of impairment losses) on financial assets and other items consist primarily of impairment losses recognized on trade and bill receivables, contract assets and other receivables. The following table sets forth a breakdown of our impairment losses (including reversal of impairment losses) on financial assets and other items for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	(RMB in thousands)				
				(unaudited)	
Impairment (reversed)/losses recognized on:					
Trade receivables and bill receivables	(224)	3,378	5,199	2,659	10,649
Contract assets	–	291	4,940	366	1,499
Other receivables	377	793	36	(12)	(982)
Total	**153**	**4,462**	**10,175**	**3,013**	**11,166**

Other Gains and Losses

Our other gains and losses primarily arise from foreign exchange fluctuations, disposal of property, plant and equipment, and early termination of leases. We recorded other losses of RMB0.8 million, RMB0.1 million, RMB1.2 million, RMB0.5 million and RMB0.8 million in 2023, 2024, 2025, the six months ended June 30, 2025 and 2026, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) staff costs, which represent salaries and benefits paid to our sales and marketing personnel, and (ii) marketing and promotion expenses, which mainly represent expenses related to marketing and branding campaigns to enhance our brand awareness and expand our customer base. The following table sets forth a breakdown of our selling and marketing expenses by nature for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	48,793	83.5	38,686	63.9	29,896	53.7	13,606	75.2	20,257	44.0
Marketing and promotion expenses	4,925	8.5	18,413	30.4	21,462	38.6	3,268	18.1	22,946	49.9
Others	4,714	8.0	3,476	5.7	4,362	7.7	1,216	6.7	2,794	6.1
Total	**58,432**	**100.0**	**60,575**	**100.0**	**55,720**	**100.0**	**18,090**	**100.0**	**45,997**	**100.0**

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) staff costs, which represent salaries and benefits paid to our administrative personnel, (ii) professional service fees, mainly related to auditing, legal and other advisory services in relation to financing activities and daily operations, (iii) entertainment and travelling fees associated with general and administrative purposes, (iv) depreciation and amortization, mainly arising from our office facilities, and (v) office and utility expenses, mainly related to rental, property management and renovation. The following table sets forth a breakdown of our general and administrative expenses by nature for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	37,160	56.3	51,707	67.0	37,667	57.8	18,196	62.7	26,616	58.9
Professional service fees	13,155	19.9	4,896	6.3	8,108	12.5	1,224	4.2	8,391	18.6
Entertainment and travelling fees	5,019	7.7	8,659	11.2	9,092	14.0	4,084	14.1	5,488	12.1
Depreciation and amortization	2,700	4.1	6,962	9.0	7,348	11.3	3,642	12.6	3,487	7.7
Office and utility expenses	7,998	12.0	4,924	6.5	2,886	4.4	1,863	6.4	1,233	2.7
Total	**66,032**	**100.0**	**77,148**	**100.0**	**65,101**	**100.0**	**29,009**	**100.0**	**45,215**	**100.0**

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs, which represent salaries and benefits paid to our research and development personnel, (ii) depreciation and amortization mainly arising from our leased AIDCs and equipment for research and development, and (iii) technical service fees, mainly for the procurement of computing resources. The following table sets forth a breakdown of our research and development expenses by nature for the years/periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)									
							(unaudited)			
Staff costs	87,476	78.4	76,865	74.4	80,997	66.6	35,697	67.2	42,923	64.3
Depreciation and amortization	2,111	1.9	2,425	2.3	33,898	27.9	15,991	30.1	17,548	26.3
Technical service fees	20,821	18.7	23,092	22.3	5,412	4.4	1,049	2.0	5,430	8.1
Others	1,143	1.0	1,053	1.0	1,329	1.1	384	0.7	884	1.3
Total	**111,551**	**100.0**	**103,435**	**100.0**	**121,636**	**100.0**	**53,121**	**100.0**	**66,785**	**100.0**

[REDACTED]

In connection with the **[REDACTED]**, we recorded **[REDACTED]** of **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and **[REDACTED]** in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Share of Results of an Associate

Our share of results of an associate represents our share of the profit or loss of an associate accounted for using the equity method. We recorded loss on share of results of an associate of RMB2 thousand, RMB316 thousand, RMB122 thousand and RMB325 thousand in 2023, 2024 and the six months ended June 30, 2025 and 2026, respectively. We recorded gain on share of results of an associate of RMB397 thousand in 2025.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of (i) interest on bank borrowings, (ii) interest on lease liabilities, (iii) interest on loan from a shareholder, and (iv) interest on amounts due to third parties. The following table sets forth a breakdown of our finance costs for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
				(unaudited)	
Interest on bank borrowings	2,643	3,807	4,098	1,864	2,781
Interest on lease liabilities	363	5,144	35,876	14,140	32,461
Interest on loan from a shareholder	–	333	2,948	2,000	–
Interest on amounts due to third parties	5	493	–	–	–
Total	**3,011**	**9,777**	**42,922**	**18,004**	**35,242**

Changes in Fair Value of Financial Liabilities at FVTPL

Our financial liabilities at FVTPL consist of paid-in capital/ordinary shares with preferred rights, warrants and convertible loan notes. The changes in the fair value of these financial instruments were recognized as changes in fair value of financial liabilities at FVTPL. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our losses on changes in fair value of financial liabilities at FVTPL were RMB199.7 million, RMB252.0 million, RMB239.5 million, RMB178.2 million and RMB1,067.8 million, respectively.

Income Tax Expense

We did not record income tax expense in 2023, and recorded income tax expense of RMB221 thousand, RMB71 thousand, RMB4 thousand and RMB123 thousand in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Chinese Mainland

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25%.

We are qualified as a High-New Technology Enterprise since December 22, 2016 and have been subject to a preferential income tax rate of 15% until October 28, 2028 after the approval of the extension of our HNTE status on October 28, 2025.

Singapore

Under Singapore's corporate income tax regime, the standard corporate income tax rate is 17%. During the Track Record Period, our subsidiary operated in Singapore is taxed at standard corporate income tax rate on the estimated assessable profit for each year/period.

Loss for the Year/Period

We recorded net loss of RMB394.2 million, RMB458.4 million, RMB335.6 million, RMB238.2 million and RMB1,094.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue increased by 92.0% from RMB306.4 million in the six months ended June 30, 2025 to RMB588.4 million in the six months ended June 30, 2026, primarily due to the increases in revenue generated from AI Computing Infrastructure Solutions and AI Computing Cloud Services.

- *AI Computing Infrastructure Solutions.* Our revenue from AI Computing Infrastructure Solutions increased significantly from RMB269.4 million in the six months ended June 30, 2025 to RMB434.0 million in the six months ended June 30, 2026, primarily driven by the increase in the number of projects delivered from two in the six months ended June 30, 2025 to three in the six months ended June 30, 2026. In addition, the average value per project increased as we undertook projects with larger scale, broader scope and greater complexity, supported by our technical expertise and delivery capabilities.

- *AI Computing Cloud Services.* Our revenue from AI Computing Cloud Services increased significantly from RMB29.6 million in the six months ended June 30, 2025 to RMB153.8 million in the six months ended June 30, 2026, primarily driven by rapid growth in demand for computing power amid the increasing adoption and penetration of AI technologies, which drove the increases in the average consumption of computing power per customer, as well as the increase in the number of enterprise customers from 42 in the six months ended June 30, 2025 to 84 in the six months ended June 30, 2026.

- *AIFS Services.* Our revenue from AIFS Services decreased from RMB7.4 million in the six months ended June 30, 2025 to RMB0.5 million in the six months ended June 30, 2026, primarily because we gradually phased out AIFS Services in response to prevailing industry trends.

Cost of Sales

Our cost of sales increased by 62.3% from RMB250.1 million in the six months ended June 30, 2025 to RMB406.0 million in the six months ended June 30, 2026, primarily due to the increase in hardware procurement cost and depreciation of leased AIDCs, in line with our business growth.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB56.3 million and RMB182.4 million in the six months ended June 30, 2025 and the six months ended June 30, 2026, respectively. Our gross profit margin increased from 18.4% in the six months ended June 30, 2025 to 31.0% in the six months ended June 30, 2026.

- *AI Computing Infrastructure Solutions.* Gross profit from AI Computing Infrastructure Solutions increased from RMB84.3 million in the six months ended June 30, 2025 to RMB178.3 million in the six months ended June 30, 2026. Its gross profit margin increased from 31.3% in the six months ended June 30, 2025 to 41.1% in the six months ended June 30, 2026, primarily driven by reduced hardware procurement, which generally carries a lower gross profit margin than software components of AI Computing Infrastructure Solutions projects, as well as a higher contribution from larger and more complex projects with higher margins.

- *AI Computing Cloud Services.* Gross profit from AI Computing Cloud Services improved from a gross loss of RMB29.3 million for the six months ended June 30, 2025 to a gross profit of RMB3.9 million for the six months ended June 30, 2026. We recorded gross loss margin of 99.1% in the six months ended June 30, 2025 and gross profit margin of 2.5% in the six months ended June 30, 2026. The gross loss margin in the six months ended June 30, 2025 primarily reflected the initial build-out and ramp-up stage of our AI Computing Cloud Services, during which we incurred substantial initial investments in computing resources, platform operations and customer acquisition, while the utilization of our computing resources and the corresponding revenue contribution remained relatively limited. As customer demand, utilization and revenue scale increased, such costs were more effectively absorbed, resulting in a gross profit margin in the six months ended June 30, 2026 and demonstrating improved operating leverage as the business scaled. According to CIC, the average monthly fees for AI computing cloud services per AI-accelerated computing

server increased by approximately 100% to more than 150% over the period from 2025 through the first half of 2026. The pricing of our AI Computing Cloud Services generally adjusts in response to prevailing market prices, although changes in such pricing may not be immediately reflected in our recognized revenue. We expect the increase in market prices, together with the continued scaling of our business, to support an improvement in our gross profit margin.

- *AIFS Services.* Gross profit from AIFS Services decreased from RMB1.4 million in the six months ended June 30, 2025 to RMB0.2 million in the six months ended June 30, 2026. Its gross profit margin increased from 18.5% in the six months ended June 30, 2025 to 34.5% in the six months ended June 30, 2026, primarily due to the delivery and acceptance of certain higher-margin projects in the six months ended June 30, 2026.

Other Income

Our other income increased from RMB5.6 million in the six months ended June 30, 2025 to RMB6.6 million in the six months ended June 30, 2026, primarily due to an increase in government grants.

Impairment Losses on Financial Assets and Other Items

Our impairment losses (including reversals of impairment losses) on financial assets and other items increased significantly from RMB3.0 million in the six months ended June 30, 2025 to RMB11.2 million in the six months ended June 30, 2026, primarily due to higher impairment provisions on trade receivables relating to AI Computing Infrastructure Solutions projects completed during the period.

Other Gains and Losses

Our other losses remained stable at RMB0.5 million in the six months ended June 30, 2025 and RMB0.8 million in the six months ended June 30, 2026.

Selling and Marketing Expenses

Our selling and marketing expenses increased significantly by 154.3% from RMB18.1 million in the six months ended June 30, 2025 to RMB46.0 million in the six months ended June 30, 2026, primarily due to the increase in marketing and promotion expenses, mainly attributable to increased advertising activities and participation in overseas exhibitions to support the development of our overseas business.

General and Administrative Expenses

Our general and administrative expenses increased by 55.9% from RMB29.0 million in the six months ended June 30, 2025 to RMB45.2 million in the six months ended June 30, 2026, primarily due to (i) the increase in staff costs, mainly attributable to higher employee-related expenses in connection with organizational adjustments, and (ii) the increase in professional service fees incurred in connection with the Pre-**[REDACTED]** Investments.

Research and Development Expenses

Our research and development expenses increased by 25.7% from RMB53.1 million in the six months ended June 30, 2025 to RMB66.8 million in the six months ended June 30, 2026, primarily due to (i) the increase in staff costs, mainly attributable to the increase in the number of our R&D personnel and our recruitment of more experienced and highly skilled R&D personnel with higher compensation levels; and (ii) the increase in technical service fees to support the expansion of our AI Computing Cloud Services.

[REDACTED]

Our **[REDACTED]** increased from **[REDACTED]** in the six months ended June 30, 2025 to **[REDACTED]** in the six months ended June 30, 2026, in line with the progress of our application for the **[REDACTED]**.

Share of Results of an Associate

Our loss on share of results of an associate increased from RMB122 thousand in the six months ended June 30, 2025 to RMB325 thousand in the six months ended June 30, 2026, primarily due to the fluctuation in the financial performance of the relevant associate.

Finance Costs

Our finance costs increased from RMB18.0 million in the six months ended June 30, 2025 to RMB35.2 million in the six months ended June 30, 2026, primarily due to an increase in interest on lease liabilities from RMB14.1 million in the six months ended June 30, 2025 to RMB32.5 million in the six months ended June 30, 2026, mainly attributable to the increase in leased AIDCs to support our business expansion.

Changes in Fair Value of Financial Liabilities at FVTPL

Our losses on changes in fair value of financial liabilities at FVTPL increased significantly from RMB178.2 million in the six months ended June 30, 2025 to RMB1,067.8 million in the six months ended June 30, 2026, in relation to changes in the valuation of our Company.

Loss for the Period

As a result of the foregoing, we recorded loss of RMB238.2 million and RMB1,094.9 million in the six months ended June 30, 2025 and the six months ended June 30, 2026, respectively.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased significantly by 177.7% from RMB395.5 million in 2024 to RMB1,098.2 million in 2025, primarily due to the increases in revenue generated from AI Computing Infrastructure Solutions and, to a lesser extent, AI Computing Cloud Services.

- *AI Computing Infrastructure Solutions.* Our revenue from AI Computing Infrastructure Solutions increased significantly from RMB334.0 million in 2024 to RMB1,002.0 million in 2025, primarily driven by the increase in the number of projects delivered from five in 2024 to six in 2025. In addition, the average value per project increased as we undertook projects with larger scale, broader scope and greater complexity, supported by our technical expertise and delivery capabilities.

- *AI Computing Cloud Services.* Our revenue from AI Computing Cloud Services increased significantly from RMB0.2 million in 2024 to RMB77.6 million in 2025, primarily driven by the increased market acceptance of our AI Computing Cloud Services, as evidenced by the increase in the number of enterprise customers from two in 2024 to 75 in 2025.

- *AIFS Services.* Our revenue from AIFS Services decreased from RMB61.3 million in 2024 to RMB18.6 million in 2025, primarily because we gradually phased out AIFS Services in response to prevailing industry trends.

Cost of Sales

Our cost of sales increased by 159.6% from RMB349.2 million in 2024 to RMB906.8 million in 2025, primarily due to the increase in hardware procurement cost and depreciation, in line with our business growth.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB46.3 million and RMB191.4 million in 2024 and 2025, respectively. Our gross profit margin increased from 11.7% in 2024 to 17.4% in 2025.

- *AI Computing Infrastructure Solutions.* Gross profit from AI Computing Infrastructure Solutions increased from RMB42.0 million in 2024 to RMB263.5 million in 2025. Its gross profit margin increased from 12.6% in 2024 to 26.3% in 2025, primarily due to the contribution from certain projects delivered in 2025, which involved larger software components that generally carried higher gross profit margins.

- *AI Computing Cloud Services.* We recorded gross loss from AI Computing Cloud Services of RMB22.5 million and RMB72.2 million in 2024 and 2025, respectively. Our gross loss margin decreased from 11,455.1% in 2024 to 93.0% in 2025. The gross losses primarily reflected the initial build-out and ramp-up stage of our AI Computing Cloud Services, during which we incurred substantial initial investments in computing resources, platform operations and customer acquisition, while revenue contribution remained limited. The significant improvement in gross loss margin in 2025 was primarily attributable to increased demand, utilization and revenue scale, which enabled such costs to be more effectively absorbed as the business scaled.

- *AIFS Services.* Gross profit from AIFS Services decreased from RMB26.7 million in 2024 to RMB61 thousand in 2025. Its gross profit margin decreased from 43.6% in 2024 to 0.3% in 2025, primarily because we gradually phased out AIFS Services.

Other Income

Our other income increased significantly from RMB3.4 million in 2024 to RMB13.0 million in 2025, primarily due to an increase in government grants.

Impairment Losses on Financial Assets and Other Items

Our impairment losses (including reversals of impairment losses) on financial assets and other items increased significantly from RMB4.5 million in 2024 to RMB10.2 million in 2025, primarily due to the increase in impairment losses recognized on contract assets and trade receivables and bill receivables, driven by the increase in quality retention and receivables in connection with our AI Computing Infrastructure Solution projects, as our business continued to grow.

Other Gains and Losses

Our other losses increased from RMB132 thousand in 2024 to RMB1.2 million in 2025, primarily due to an increase in loss on early termination of leases from RMB86 thousand in 2024 to RMB501 thousand in 2025, mainly attributable to the termination of our office lease in Shanghai as a result of our relocation within the city.

Selling and Marketing Expenses

Our selling and marketing expenses slightly decreased by 8.0% from RMB60.6 million in 2024 to RMB55.7 million in 2025, primarily due to the decrease in staff costs as we adjusted our sales and marketing team structure following our business transition from AIFS business to AI Computing Infrastructure Solutions and AI Computing Cloud Services.

General and Administrative Expenses

Our general and administrative expenses decreased by 15.6% from RMB77.1 million in 2024 to RMB65.1 million in 2025, primarily due to the decrease in staff costs, mainly because we incurred higher employee-related expenses in 2024 in connection with organizational adjustments.

Research and Development Expenses

Our research and development expenses increased by 17.6% from RMB103.4 million in 2024 to RMB121.6 million in 2025, primarily due to the increase in depreciation of leased AIDCs, as we expanded the use of leased AIDCs to support our R&D computing needs, rather than relying on the external procurement of computing resources.

[REDACTED]

Our **[REDACTED]** increased from **[REDACTED]** in 2024 to **[REDACTED]** in 2025, in line with the progress of our application for the **[REDACTED]**.

Share of Results of an Associate

We recorded gains on share of results of an associate of RMB397 thousand in 2025, as compared to losses on share of results of an associate of RMB316 thousand in 2024, primarily due to the improved financial performance of the relevant associate.

Finance Costs

Our finance costs increased significantly from RMB9.8 million in 2024 to RMB42.9 million in 2025, primarily due to an increase in interest on lease liabilities from RMB5.1 million in 2024 to RMB35.9 million in 2025, mainly attributable to increase in leased AIDCs to support our business expansion.

Changes in Fair Value of Financial Liabilities at FVTPL

Our losses on changes in fair value of financial liabilities at FVTPL decreased from RMB252.0 million in 2024 to RMB239.5 million in 2025, in relation to changes in the valuation of our Company.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB458.4 million and RMB335.6 million in 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 272.3% from RMB106.2 million in 2023 to RMB395.5 million in 2024, primarily due to the increases in revenue generated from AI Computing Infrastructure Solutions.

- *AI Computing Infrastructure Solutions.* Our revenue from AI Computing Infrastructure Solutions increased significantly from RMB24.9 million in 2023 to RMB334.0 million in 2024, primarily driven by the increase in the number of projects delivered from three in 2023 to five in 2024. In addition, the average value per project increased as we undertook projects with larger scale, broader scope and greater complexity, supported by our technical expertise and delivery capabilities.

- *AI Computing Cloud Services.* Our revenue from AI Computing Cloud Services increased from nil in 2023 to RMB0.2 million in 2024, following the launch of such services in September 2024.

- *AIFS Services.* Our revenue from AIFS Services decreased from RMB81.3 million in 2023 to RMB61.3 million in 2024, primarily because we gradually phased out AIFS Services in response to prevailing industry trends.

Cost of Sales

Our cost of sales increased significantly from RMB63.1 million in 2023 to RMB349.2 million in 2024, primarily due to the increase in hardware procurement cost to support our strategic shift to AI Computing Infrastructure Solutions.

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB43.2 million and RMB46.3 million in 2023 and 2024, respectively. Our gross profit margin decreased from 40.6% in 2023 to 11.7% in 2024.

- *AI Computing Infrastructure Solutions.* Gross profit of AI Computing Infrastructure Solutions increased from RMB1.6 million in 2023 to RMB42.0 million in 2024, with its gross profit margin increasing from 6.3% in 2023 to 12.6% in 2024, primarily due to the contribution from certain projects delivered in 2024, which involved software components that generally carried higher gross profit margins.

- *AI Computing Cloud Services.* We recorded gross loss of RMB22.5 million with gross loss margin of 11,455.1% in 2024. The gross loss primarily reflected the initial build-out and ramp-up stage of the business, during which we incurred substantial initial investments in computing resources, platform operations and customer acquisition, while revenue contribution remained limited.

- *AIFS Services.* Gross profit from AIFS Services decreased from RMB41.6 million in 2023 to RMB26.7 million in 2024. Its gross profit margin decreased from 51.1% in 2023 to 43.6% in 2024, primarily because we gradually phased out AIFS Services.

Other Income

Our other income increased by 46.9% from RMB2.3 million in 2023 to RMB3.4 million in 2024, primarily due to an increase in government grants.

Impairment Losses on Financial Assets and Other Items

Our impairment losses (including reversals of impairment losses) on financial assets and other items increased significantly from RMB153 thousand in 2023 to RMB4.5 million in 2024, primarily attributable to the increase in trade receivable balance as a result of our business expansion.

Other Gains and Losses

Our other losses decreased by 84.3% from RMB842 thousand in 2023 to RMB132 thousand in 2024, primarily due to the recognition of loss on disposal of property, plant and equipment of RMB828 thousand in 2023 in connection with our office relocation in Beijing.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 3.7% from RMB58.4 million in 2023 to RMB60.6 million in 2024, primarily due to the increase in marketing and promotion expenses incurred in connection with our efforts to enhance brand recognition and market visibility during the initial launch stage of our AI Computing Cloud Services.

General and Administrative Expenses

Our general and administrative expenses increased by 16.8% from RMB66.0 million in 2023 to RMB77.1 million in 2024, primarily due to the increase in staff costs in connection with our organizational adjustments in 2024.

Research and Development Expenses

Our research and development expenses slightly decreased by 7.3% from RMB111.6 million in 2023 to RMB103.4 million in 2024, primarily due to the decrease in staff costs in connection with our organizational adjustments in 2024.

[REDACTED]

We recorded **[REDACTED]** of **[REDACTED]** in both 2023 and 2024.

Share of Results of an Associate

Our loss on share of results of an associate increased significantly from RMB2 thousand in 2023 to RMB316 thousand in 2024, primarily due to the fluctuation in the financial performance of the relevant associate.

Finance Costs

Our finance costs increased significantly from RMB3.0 million in 2023 to RMB9.8 million in 2024, primarily due to (i) an increase in interest on lease liabilities, mainly attributable to the increase in leased AIDCs to support our business expansion, and (ii) an increase in interest on bank borrowings, driven by the increase in our bank borrowing balances.

Changes in Fair Value of Financial Liabilities at FVTPL

Our losses on changes in fair value of financial liabilities at FVTPL increased by 26.2% from RMB199.7 million in 2023 to RMB252.0 million in 2024, in relation to changes in the valuation of our Company.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB394.2 million and RMB458.4 million in 2023 and 2024, respectively.

PATH TO PROFITABILITY

Our revenue grew rapidly from RMB106.2 million in 2023 to RMB395.5 million in 2024 and further to RMB1,098.2 million in 2025, representing a CAGR of 221.5%, and from RMB306.4 million in the six months ended June 30, 2025 to RMB588.4 million in the six months ended June 30, 2026. Despite such significant business growth, we recorded loss for the year/period of RMB394.2 million, RMB458.4 million, RMB335.6 million, RMB238.2 million and RMB1,094.9 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, and adjusted net loss, a non-IFRS measure, of RMB194.3 million, RMB206.2 million, RMB91.3 million, RMB59.9 million and RMB14.9 million during the same years/periods, respectively. Our losses were primarily attributable to the following factors:

- **Business reposition and ramp-up of new business lines**. During the Track Record Period, we strategically shifted our focus from AIFS Services toward AI Computing Infrastructure Solutions and AI Computing Cloud Services. In particular, our AI Computing Cloud Services recorded gross losses during its early ramp-up stage, as we incurred costs relating to computing resources and platform operations while the utilization of such resources and the corresponding revenue contribution remained relatively limited. As customer demand, utilization and revenue scale increased, our AI Computing Cloud Services turned from a gross loss margin of 99.1% in the six months ended June 30, 2025 to a gross profit margin of 2.5% in the six months ended June 30, 2026. Although revenue generated from these new business lines increased, they remained in the ramp-up stage and had not yet fully realized economies of scale, resource utilization improvement and operating leverage. At the same time, we incurred significant upfront investments and ongoing costs in connection with AIDC leasing, hardware procurement and business development to support their launch and expansion, which contributed to our losses during the Track Record Period.

- **Continued investments in research and development**. We incurred substantial R&D expenses to strengthen our technological capabilities, improve the performance, stability and scalability of our AI Computing Infrastructure Solutions and AI Computing Cloud Services, and support the development of new use cases. Our research and development expenses were RMB111.6 million, RMB103.4 million, RMB121.6 million, RMB53.1 million and RMB66.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Such expenses were substantial relative to our revenue base during the ramp-up stage and therefore contributed to our losses during the Track Record Period.

- **Losses on changes in fair value of financial liabilities at FVTPL**. We recorded losses on changes in fair value of financial liabilities at FVTPL of RMB199.7 million, RMB252.0 million, RMB239.5 million, RMB178.2 million and RMB1,067.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Such financial liabilities primarily represented the fair value of paid-in capital/ordinary shares with preferred rights, warrants and convertible loan notes. These fair value changes affected our loss for the year/period during the Track Record Period. The warrants and convertible loan notes were fully settled in November 2025 and May 2026, respectively. The paid-in capital/ordinary shares with preferred rights will be reclassified to equity after the termination of the investors' redemption rights upon **[REDACTED]**.

Notwithstanding the foregoing, as our revenue scale expanded and the operating performance of our principal business lines improved, our adjusted net loss margin, representing adjusted net loss for the year/period divided by revenues for the respective year/period and multiplied by 100%, decreased from 182.9% in 2023 to 52.1% in 2024 and 8.3% in 2025, and from 19.6% in the six months ended June 30, 2025 to 2.5% in the six months ended June 30, 2026. Going forward, our path to profitability is expected to be principally supported by further expansion of our revenue base, optimization of our offerings and cost structure, and improvement in operating leverage, as described below.

Expand Revenue Base

To expand our revenue base, we expect to increase revenue contribution from AI Computing Infrastructure Solutions through growth in both the number and the scale of AI Computing Infrastructure Solution projects, and from AI Computing Cloud Services through improved customer acquisition and consumption volume.

For AI Computing Infrastructure Solutions, securing more projects will depend on stronger early-stage customer engagement. We plan to place greater emphasis on understanding customers' requirements for computing power scale, energy consumption, application scenarios and hardware configurations, and on providing architectural design and hardware selection advice before tendering and contracting. This is expected to help us identify project opportunities more effectively, strengthen our participation in tendering and bidding processes and improve project conversion. At the same time, we plan to pursue AI Computing Infrastructure Solution projects with larger computing power scale, broader implementation scope and more complex deployment requirements. During the Track Record Period, the number of AI Computing Infrastructure Solution projects delivered increased from three in 2023 to five in 2024, to six in 2025, and from two in the six months ended June 30, 2025 to three in the six months ended June 30, 2026, and the delivered computing capacity increased from 1,346 PFLOPS in 2024 to 17,690 PFLOPS in 2025, and to 12,672 PFLOPS in the six months ended June 30, 2026. With accumulated project experience and project references, we expect to further expand our project pipeline, enhance project execution and generate follow-on opportunities such as capacity expansion, system optimization and operational support. Our AI Computing Infrastructure Solutions projects also provide opportunities to lease a portion of the delivered AIDCs for our computing power pool, supporting the growth of our AI Computing Cloud Services.

For AI Computing Cloud Services, revenue growth is expected to be supported by improved customer acquisition, recurring usage and consumption volume. We will continue to improve the accessibility and user experience of Alaya NeW Cloud, including through intuitive interfaces, built-in toolchains and flexible service offerings, so as to acquire more customers, increase usage frequency among existing customers and encourage broader adoption of our cloud services in recurring model training, inference and development workflows. We will continue to enhance our internal resource scheduling and allocation mechanisms to better match available computing resources with users' workloads based on task requirements, usage patterns and real-time resource availability. We have also launched Alaya Token, our managed model inference service through which enterprise customers and developers can access third-party LLMs selected by them through unified API interfaces. As of the Latest Practicable Date, we had entered into approximately ten contracts for Alaya Token services, although no revenue from such services was recognized during the Track Record Period. We expect Alaya Token to broaden the inference use cases available through our platform and provide an additional means to increase the utilization of our computing resources. These measures are expected to improve the commercial utilization of our computing resources and increase revenue generated from available computing resources. The number of our enterprise customers of AI Computing Cloud Services increased from two in 2024 to 75 in 2025, and from 42 in the six months ended June 30, 2025 to 84 in the six months ended June 30, 2026. As customer adoption and usage intensity increase, we expect AI Computing Cloud Services to expand and diversify our revenue base and enhance the monetization of our computing resources.

Upgrade Technology to Optimize Offerings

To optimize our service offerings, we expect to further upgrade our technology capabilities in project delivery, resource scheduling, platform usability and toolchain integration, and translate these capabilities into more scalable and commercially attractive solutions. As of June 30, 2026, our R&D team consisted of 156 members, accounting for 51.5% of our total employees, which provides the technical foundation for our continued technology upgrades and service iteration.

For AI Computing Infrastructure Solutions, we plan to further increase the higher-margin software and service components by strengthening the commercialization of software and related services. This is expected to increase their gross profit contribution over time and enhance the scalability and profitability profile of this business. We also plan to strengthen our reusable project execution capabilities by developing standardized technical modules and delivery procedures for AIDC projects with different computing power scales, hardware configurations, energy consumption requirements and application scenarios. These measures are expected to shorten project design and deployment cycles, improve delivery consistency and enable us to better support larger-scale and more complex AIDC projects.

For AI Computing Cloud Services, we plan to optimize Alaya NeW Cloud and related service offerings by improving platform stability, ease of use, resource scheduling efficiency and toolchain integration. In particular, we expect to further enhance the platform's ability to allocate, scale and release computing resources based on users' task requirements, usage patterns and real-time resource availability, and to improve user workflows for model training, inference and development. We also plan to further develop Alaya Token through our Token Factory technology architecture. Under Alaya Token, model vendors provide diverse third-party models selected by customers, while we provide the underlying computing power and manage model deployment, resource scheduling and inference operations to generate tokens for consumption by end users on demand. Our Token Factory technology architecture is designed to improve end-to-end inference throughput and resource utilization and reduce unit inference costs, thereby supporting token generation at greater scale. In 2026, Alaya Token passed the High-Quality Token Cloud Service Capability Assessment conducted by the CAICT. By upgrading our technology capabilities, we expect to better align our services and solutions with customers' evolving computing needs and support broader customer adoption and recurring usage, thereby supporting revenue growth.

Expand Customer Reach and Improve Sales Efficiency

To support sustained revenue growth, we plan to expand customer reach and improve sales efficiency by strengthening direct customer engagement, leveraging accumulated project references and increasing market awareness of our offerings.

We will continue to enhance our customer acquisition efforts by focusing on customers with clear demand for AI computing infrastructure and cloud-based computing resources, engaging them at an earlier stage and improving our ability to identify and convert commercial opportunities. Our in-house sales team will continue to support the full customer engagement process, including understanding customers' computing needs and application scenarios, supporting tendering and bidding processes where applicable, and coordinating delivery and after-sales support. During the Track Record Period, the number of provinces covered by the AIDC projects we delivered was four, five and three in 2024, 2025 and the six months ended June 30, 2026. As our geographic coverage expands and our project references accumulate, we expect to improve customer acquisition efficiency and increase opportunities for new projects, repeat demand and customer referrals.

We also plan to increase market awareness and customer adoption through targeted marketing, customer education and participation in industry conferences and forums. These initiatives are expected to help more potential customers understand the accessibility, flexibility and use cases of our offerings. As our brand recognition, customer awareness and project references increase, we expect to reduce reliance on proportional increases in sales and marketing spending to drive revenue growth, thereby improving sales efficiency.

Improve Cost Efficiency and Operating Leverage

To improve cost efficiency, we plan to strengthen supply chain management through more disciplined procurement planning, supplier coordination and cost monitoring. In particular, we expect to better align procurement plans with confirmed customer orders and project delivery schedules, conduct rolling assessments of hardware requirements and delivery timelines, and coordinate with suppliers at an earlier stage for projects with larger computing power scale or more complex hardware configurations. We also plan to strengthen supplier evaluation and management by monitoring supplier performance, delivery stability, pricing trends and technical compatibility, and, where commercially feasible, maintain alternative sources for key hardware and technical services to reduce reliance on any single procurement channel. As our project pipeline and procurement volume expand, we expect to negotiate more favorable procurement terms, improve supply chain stability and better manage hardware procurement costs and technical service costs, thereby supporting cost control and gross profit margin improvement.

We will enhance operating leverage by improving the efficiency of our operating expenses as our revenue base expands. For research and development expenses, we will continue to make significant and sustained investments in R&D but also improve efficiency in R&D activities. We expect to prioritize R&D projects that directly support revenue-generating business lines and customer needs, improve project selection and milestone management, and reuse technology modules across different products and projects, including modules relating to scheduling, storage, networking, monitoring, resource provisioning and toolchain integration. These measures are expected to reduce duplicated development efforts, improve product iteration efficiency and support continued technology upgrades and service optimization without requiring R&D expenses to increase proportionately with revenue. For selling and marketing expenses, we expect increased brand recognition, accumulated project references and customer referrals to improve customer acquisition efficiency and reduce reliance on proportional increases in selling and marketing spending to support revenue growth. For administrative expenses, we expect standardized internal processes, improved management efficiency and disciplined control over professional service fees and other administrative expenses to allow administrative expenses to become more efficient relative to revenue as our business scales. As revenue grows, these measures are expected to allow certain operating expenses to increase at a slower pace than revenue, thereby improving operating leverage.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	18,584	36,036	65,305	71,688
Right-of-use assets	11,084	176,222	875,431	1,419,206
Other intangible assets	7,229	6,387	5,545	5,124
Interest in an associate	3,748	3,432	7,579	7,254
Equity instruments at FVTOCI	–	5,695	–	–
Financial assets at FVTPL	–	–	5,000	8,000
Other receivables and prepayments	11,174	22,415	25,259	24,050
Contract assets	–	5,093	43,803	57,269
Total non-current assets	**51,819**	**255,280**	**1,027,922**	**1,592,591**
Current assets				
Inventories	32,305	3,366	3,364	3,711
Trade receivables, other receivables, prepayments and other assets	102,165	75,350	347,611	577,142
Contract assets	–	209	55,165	69,630
Contract costs	12,423	179,738	5,312	6,017
Restricted bank deposits	–	139	–	1,866
Cash and cash equivalents	75,060	65,657	170,777	380,901
Total current assets	**221,953**	**324,459**	**582,229**	**1,039,267**
Current liabilities				
Trade payables, other payables and accruals	68,776	189,839	205,579	298,312
Borrowings	70,006	97,172	180,082	206,000
Lease liabilities	4,867	59,885	276,823	397,298
Contract liabilities	26,598	195,362	126,134	47,081
Deferred income	–	3,145	–	–
Income tax payables	–	128	61	–
Financial liabilities at FVTPL	4,328	28,030	1,678,493	–
Total current liabilities	**174,575**	**573,561**	**2,467,172**	**948,691**
Net current assets/(liabilities)	**47,378**	**(249,102)**	**(1,884,943)**	**90,576**
Total assets less current liabilities	**99,197**	**6,178**	**(857,021)**	**1,683,167**

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Non-current liabilities				
Borrowings	–	3,000	–	–
Lease liabilities	6,814	127,132	680,540	1,082,736
Financial liabilities at FVTPL	858,283	1,101,604	13,673	3,244,811
Total non-current liabilities	**865,097**	**1,231,736**	**694,213**	**4,327,547**
Net liabilities	**(765,900)**	**(1,225,558)**	**(1,551,234)**	**(2,644,380)**
Capital and reserves				
Paid-in capital/Share capital	35,781	35,781	48,847	53,732
Reserves	(801,681)	(1,261,339)	(1,600,081)	(2,698,112)
Total deficit	**(765,900)**	**(1,225,558)**	**(1,551,234)**	**(2,644,380)**

Property, Plant and Equipment

Our property, plant and equipment consists of electronic equipment, fixtures and furniture, leasehold improvement and construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Electronic equipment	3,369	22,150	64,068	65,396
Fixtures and furniture	123	149	58	45
Leasehold improvement	175	2,671	1,179	937
Construction in progress	14,917	11,066	–	5,310
Total	**18,584**	**36,036**	**65,305**	**71,688**

Our property, plant and equipment increased from RMB18.6 million as of December 31, 2023 to RMB36.0 million as of December 31, 2024, and further to RMB65.3 million as of December 31, 2025, primarily due to an increase in electronic equipment from RMB3.4 million as of December 31, 2023 to RMB22.2 million as of December 31, 2024, and further to RMB64.1 million as of December 31, 2025, mainly attributable to the procurement of servers to support our business expansion. Our property, plant and equipment increased to RMB71.7 million as of June 30, 2026, primarily due to an increase in construction in progress from nil as of December 31, 2025 to RMB5.3 million as of June 30, 2026, relating to an ongoing AI Computing Infrastructure Solutions project.

Right-of-Use Assets

Right-of-use assets consist of leased buildings and leased AIDCs. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Leased buildings	11,084	10,760	4,216	4,879
Leased AIDCs	–	165,462	871,215	1,414,327
Total	**11,084**	**176,222**	**875,431**	**1,419,206**

Our right-of-use assets increased from RMB11.1 million as of December 31, 2023 to RMB176.2 million as of December 31, 2024, to RMB875.4 million as of December 31, 2025, and further to RMB1,419.2 million as of June 30, 2026, primarily due to the increase in leased AIDCs to support growth of our AI Computing Cloud Services.

Inventories

Our inventories represent servers and other hardware devices. Our inventories decreased from RMB32.3 million as of December 31, 2023 to RMB3.4 million as of December 31, 2024, primarily because we had procured certain servers in advance at the end of 2023 for planned deployment in 2024. Our inventory balance remained stable at RMB3.4 million as of December 31, 2025 and RMB3.7 million as of June 30, 2026.

The following table sets forth the aging analysis of our inventories.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 3 months	32,305	3,366	–	347
Over 12 months	–	–	3,364	3,364
Total	**32,305**	**3,366**	**3,364**	**3,711**

The following table sets forth our inventories turnover days for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Inventory turnover days[(1)]	93	19	1	2

Note:

(1) Inventory turnover days are equal to the average of the beginning and ending inventory balances of a year/period divided by cost of sales for that year/period and multiplied by the number of days for that year/period.

Our inventory turnover days decreased from 93 days in 2023 to 19 days in 2024, primarily due to high inventory levels at the end of 2023 as we procured certain servers in advance at the end of 2023 for planned deployment in 2024. In 2024 and 2025, we generally procured servers and other hardware based on confirmed customer orders, resulting in relatively low inventory levels. Our inventory turnover days further decreased to one day in 2025, mainly as a result of increased cost of sales which was in line with our revenue growth. Our inventory turnover days remained relatively stable at two days in the six months ended June 30, 2026.

As of July 31, 2026, none of our inventories outstanding as of June 30, 2026, had been subsequently used.

Contract Costs

Our contract costs represent capitalized costs before the completion of respective projects at the end of each reporting period. Our contract costs increased from RMB12.4 million as of December 31, 2023 to RMB179.7 million as of December 31, 2024, primarily due to the costs incurred for a project for AI Computing Infrastructure Solutions for which the acceptance inspection had not been completed as of December 31, 2024. Our contract costs decreased from RMB179.7 million as of December 31, 2024 to RMB5.3 million as of December 31, 2025, primarily due to the completion of the aforementioned project in 2025, for which the contract costs were recognized as cost of sales. Our contract costs increased to RMB6.0 million as of June 30, 2026, primarily due to the costs incurred for certain AIFS Services pending customer acceptance as of June 30, 2026.

Trade Receivables, Other Receivables, Prepayments and Other Assets

Trade and Bill Receivables

Our trade and bill receivables mainly relate to the amounts due from customers for solutions and services provided by us. The following table sets forth the breakdown of our trade and bill receivables as of the date indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Trade receivables from contracts with customers	28,112	42,614	121,158	321,801
Bill receivables	50	447	10	–
Less: Allowance for credit losses	(6,724)	(10,102)	(15,301)	(25,950)
Total	**21,438**	**32,959**	**105,867**	**295,851**

Our trade and bill receivables increased from RMB21.4 million as of December 31, 2023 to RMB33.0 million as of December 31, 2024, to RMB105.9 million as of December 31, 2025, and to RMB295.9 million as of June 30, 2026, primarily driven by the expansion of our business.

The following table sets forth the aging analysis of our trade and bill receivables net of allowance for credit losses based on dates of rendering of services or delivery of goods as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year	11,978	24,691	103,793	293,401
1–2 years	8,153	5,324	1,261	1,179
2–3 years	1,307	2,944	813	1,271
Total	**21,438**	**32,959**	**105,867**	**295,851**

The following table sets forth turnover days of our trade and bill receivables for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Trade and bill receivable turnover days[(1)]	141	33	27	69

Note:

(1) Trade and bill receivables turnover days are equal to the average of the beginning and ending trade and bill receivables balances (excluding allowance for credit loss) of a year/period divided by revenue for that year/period and multiplied by the number of days for that year/period.

Our trade and bill receivable turnover days decreased from 141 days in 2023 to 33 days in 2024, primarily due to changes in the revenue mix resulting from the business transformation, as well as our enhanced credit management measures and strengthened collection efforts. Our trade and bill receivable turnover days decreased from 33 days in 2024 to 27 days in 2025, primarily due to our enhanced credit management measures and strengthened collection efforts. Our trade and bill receivable turnover days increased from 27 days in 2025 to 69 days in the six months ended June 30, 2026, primarily due to an increase in our trade receivables balance as certain AI Computing Infrastructure Solutions projects were completed and accepted by customers toward the end of the period.

As of July 31, 2026, approximately RMB34.6 million, or 10.7% of our trade and bill receivables outstanding as of June 30, 2026, had been subsequently settled.

Other Receivables, Prepayments and Other Assets

Our other receivables consist primarily of (i) deposits, (ii) staff advances, (iii) receivables from customers on behalf of suppliers, and (iv) loans to third parties. Our prepayments and other assets consist primarily of (i) recoverable value-added tax, (ii) prepayments for purchasing hardware for AI Computing Infrastructure Solutions, (iii) prepayments for purchasing property, plant and equipment, (iv) prepayments for technical and cloud computing power service fees, and (v) prepayments for other consulting and promotion service fees. The following table sets forth the breakdown of our other receivables, prepayments and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Other Receivables				
Deposits	3,934	12,425	19,610	18,456
Staff advances	1,524	1,089	626	626
Receivables from customers on behalf of suppliers	1,501	1,501	–	–
Loans to third parties	–	–	1,800	5,116
Others	118	115	5	41
Less: Allowance for credit losses	(394)	(1,187)	(1,223)	(241)
	6,683	**13,943**	**20,818**	**23,998**
Prepayments and Other Assets				
Recoverable value-added tax	14,760	3,965	4,698	7,839
Prepayments for purchasing hardware for AI Computing Infrastructure Solutions	46,014	20,614	220,358	251,926
Prepayments for purchasing property, plant and equipment	9,536	1,094	1,673	413
Prepayments for investment in a private fund	–	13,000	–	–
Prepayments for cloud computing power and other technical service fees	9,584	1,978	1,427	2,671
Prepayments for other consulting and promotion service fees	3,282	9,329	6,374	4,775
Prepaid financial guarantee expense	–	–	7,961	7,855
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	2,042	883	2,594	1,925
	85,218	**50,863**	**246,185**	**281,343**

Our other receivables increased from RMB6.7 million as of December 31, 2023 to RMB13.9 million as of December 31, 2024, to RMB20.8 million as of December 31, 2025, primarily due to an increase in deposits from RMB3.9 million as of December 31, 2023 to RMB12.4 million as of December 31, 2024, to RMB19.6 million as of December 31, 2025, mainly attributable to increase in performance deposits in connection with AI Computing Infrastructure Solution projects, attributable to the growth of our AI Computing Infrastructure Solution business. Our other receivables increased to RMB24.0 million as of June 30, 2026, primarily due to an increase in loans to third parties from RMB1.8 million as of December 31, 2025 to RMB5.1 million as of June 30, 2026, mainly attributable to a loan to a third party in connection with our strategic cooperation.

Our prepayments and other assets decreased from RMB85.2 million as of December 31, 2023 to RMB50.9 million as of December 31, 2024, primarily due to (i) a decrease in prepayments for purchasing hardware for AI Computing Infrastructure Solutions from RMB46.0 million as of December 31, 2023 to RMB20.6 million as of December 31, 2024, mainly attributable to more favorable payment terms following the stabilization of our server procurement channels in 2024, and (ii) a decrease in recoverable value-added tax from RMB14.8 million as of December 31, 2023 to RMB4.0 million as of December 31, 2024. Our prepayments and other assets increased to RMB246.2 million as of December 31, 2025 and RMB281.3 million as of June 30, 2026, primarily due to an increase in prepayments for purchasing hardware for AI Computing Infrastructure Solutions from RMB20.6 million as of December 31, 2024 to RMB220.4 million as of December 31, 2025 and RMB251.9 million as of June 30, 2026, which were mainly attributable to advance procurement in anticipation of upcoming projects under our AI Computing Infrastructure Solution business.

Trade Payables, Other Payables and Accruals

Trade Payables

Our trade payables primarily arise from our purchases from suppliers in the ordinary course of business. The following table sets forth the aging analysis of trade payables based on dates of receiving services and goods.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Within 1 year	5,063	72,969	93,107	163,068
1–2 years	652	1,650	36,917	49,380
2–3 years	1,192	491	1,650	1,214
Over 3 years	–	179	670	1,616
Total	**6,907**	**75,289**	**132,344**	**215,278**

Our trade payables increased from RMB6.9 million as of December 31, 2023 to RMB75.3 million as of December 31, 2024, to RMB132.3 million as of December 31, 2025, and to RMB215.3 million as of June 30, 2026, primarily due to the increase in procurement to support our expanded business scale and increased production and delivery activities.

The following table sets forth our trade payables turnover days for the years/periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2023	2024	2025	2026
Trade payable turnover days[(1)]	111	43	42	78

Note:

(1) Trade payables turnover days are equal to the average of the beginning and ending trade payable balances of a year/period divided by cost of sales for that year/period and multiplied by the number of days for that year/period.

Our trade payables turnover days decreased from 111 days in 2023 to 43 days in 2024, primarily due to our proactive settlement of outstanding balances with suppliers. Our trade payables turnover days remained stable at 42 days in 2025. Our trade payables turnover days increased to 78 days in the six months ended June 30, 2026, primarily due to the timing of our periodic settlements with suppliers, which resulted in a higher trade payables balance as of June 30, 2026.

As of July 31, 2026, approximately RMB34.5 million, or 16.0% of our trade payables outstanding as of June 30, 2026, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals comprise primarily of (i) loan from a shareholder, (ii) deposits received for AI Computing Cloud Services, (iii) payables on behalf of customers, and (iv) payroll payables. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Loan from a shareholder	–	50,333	–	–
Deposits received for AI Computing Cloud Services	–	–	2,445	5,519
Payables on behalf of customers	1,505	4,266	–	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for cloud computing power and other technical service fees	3,985	1,875	1,703	–
Other payables for consulting and marketing service fees	–	928	48	6,855
Accrued expenses	8,774	11,365	13,223	13,256
Others	590	978	1,561	872
	14,854	**69,745**	**22,219**	**35,064**
Payroll payables	45,529	40,590	33,798	30,498
Other tax payables	1,486	4,215	17,218	17,472
	61,869	**114,550**	**73,235**	**83,034**

Our other payables and accruals increased from RMB61.9 million as of December 31, 2023 to RMB114.6 million as of December 31, 2024, mainly because we obtained a loan from a shareholder of RMB50.3 million in December 2024. Our other payables and accruals decreased to RMB73.2 million as of December 31, 2025, primarily due to a decrease in a loan from a shareholder to nil as of December 31, 2025, mainly because the principal and interest portion related to the loan extend to us were settled in September 2025. Our other payables and accruals increased to RMB83.0 million as of June 30, 2026, primarily due to (i) an increase in other payables for consulting and marketing service fees from RMB48 thousand as of December 31, 2025 to RMB6.9 million as of June 30, 2026, which was primarily due to increased advertising activities; and (ii) an increase in **[REDACTED]** and **[REDACTED]** from RMB**[REDACTED]** as of December 31, 2025 to RMB**[REDACTED]** as of June 30, 2026, which was related to the **[REDACTED]**.

Contract Liabilities

Our contract liabilities mainly represent advance received from customers for purchasing our solutions and services. Our contract liabilities increased from RMB26.6 million as of December 31, 2023 to RMB195.4 million as of December 31, 2024, primarily due to advance payments received in respect of a project for AI Computing Infrastructure Solutions in 2024, for which the acceptance inspection had not been completed as of December 31, 2024. Our contract liabilities decreased from RMB195.4 million as of December 31, 2024 to RMB126.1 million as of December 31, 2025, primarily due to the completion of the aforementioned project in 2025. Our contract liabilities further decreased to RMB47.1 million as of June 30, 2026, primarily due to the completion of certain projects for AI Computing Infrastructure Solutions in the six months ended June 30, 2026.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund our procurement of services, research and development and sales activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with equity financing, bank borrowings and cash flow from operating activities. After the **[REDACTED]**, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and **[REDACTED]** from the **[REDACTED]**. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				*(unaudited)*
Current assets					
Inventories	32,305	3,366	3,364	3,711	3,668
Trade receivables, other receivables, prepayments and other assets	102,165	75,350	347,611	577,142	585,035
Contract assets	–	209	55,165	69,630	69,630
Contract costs	12,423	179,738	5,312	6,017	6,009
Restricted bank deposits	–	139	–	1,866	1,866
Cash and cash equivalents	75,060	65,657	170,777	380,901	396,575
Total current assets	**221,953**	**324,459**	**582,229**	**1,039,267**	**1,062,783**
Current liabilities					
Trade payables, other payables and accruals	68,776	189,839	205,579	298,312	250,962
Borrowings	70,006	97,172	180,082	206,000	216,000
Lease liabilities	4,867	59,885	276,823	397,298	696,198
Contract liabilities	26,598	195,362	126,134	47,081	107,211
Deferred income	–	3,145	–	–	–
Income tax payables	–	128	61	–	–
Financial liabilities at FVTPL	4,328	28,030	1,678,493	–	–
Total current liabilities	**174,575**	**573,561**	**2,467,172**	**948,691**	**1,270,371**
Net current assets/(liabilities)	**47,378**	**(249,102)**	**(1,884,943)**	**90,576**	**(207,588)**

We recorded net current assets of RMB47.4 million as of December 31, 2023 and net current liabilities of RMB249.1 million as of December 31, 2024. Such fluctuation was primarily due to (i) an increase in contract liabilities of RMB168.8 million, primarily due to advance payments received in respect of a project for AI Computing Infrastructure Solutions in 2024, for which the acceptance had not been completed as of December 31, 2024; (ii) an increase in trade payables, other payables and accruals of RMB121.1 million, mainly attributable to the increase in procurement to support our expanded business scale and increased production and delivery activities, as well as a loan from a shareholder obtained in 2024 which was fully repaid in 2025; and (iii) an increase in lease liabilities of RMB55.0 million; partially offset by an increase in contract costs of RMB167.3 million.

Our net current liabilities as of December 31, 2024 and 2025 were primarily due to financial liabilities at FVTPL of RMB28.0 million and RMB1,678.5 million as of the same dates, respectively. Among our financial liabilities at FVTPL, the warrants and convertible loan notes were fully settled in November 2025 and May 2026, respectively.

Our net current liabilities increased from RMB249.1 million as of December 31, 2024 to RMB1,884.9 million as of December 31, 2025, primarily due to (i) an increase in financial liabilities at FVTPL of RMB1,650.5 million, mainly attributable to the changes in the valuation of our Company; (ii) an increase in lease liabilities of RMB216.9 million, (iii) a decrease in contract costs of RMB174.4 million, mainly because a project for AI Computing Infrastructure Solutions was completed in 2025, for which the contract costs were recognized as cost of sales; partially offset by (i) an increase in trade receivables, other receivables, prepayments and other assets of RMB272.3 million, and (ii) an increase in cash and cash equivalents of RMB105.1 million.

We recorded net current liabilities of RMB1,884.9 million as of December 31, 2025 and net current assets of RMB90.6 million as of June 30, 2026. The change was primarily due to a decrease in financial liabilities at FVTPL of RMB1,678.5 million, mainly attributable to the reclassification of such financial liabilities from current liabilities to non-current liabilities.

Our net current assets of RMB90.6 million as of June 30, 2026 turned into net current liabilities of RMB207.6 million as of July 31, 2026, primarily due to (i) an increase in lease liabilities of RMB298.9 million, mainly attributable to the recognition of lease liabilities in connection with new leased AIDCs, and (ii) an increase in contract liabilities of RMB60.1 million, primarily driven by the growth of our AI Computing Cloud Services; partially offset by (i) a decrease in trade payables, other payables and accruals of RMB47.4 million, primarily due to the settlement of outstanding payables, and (ii) an increase in cash and cash equivalents of RMB15.7 million.

Cash Flows

The following table sets forth a summary of our cash flows for the years/periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	(RMB in thousands)				
				(unaudited)	
Net cash used in operating activities	(251,228)	(38,443)	(82,427)	(50,402)	(86,495)
Net cash used in investing activities	(31,580)	(39,968)	(29,398)	(8,509)	(19,686)
Net cash from financing activities	271,046	69,008	216,945	38,743	316,305
Net (decrease)/increase in cash and cash equivalents	**(11,762)**	**(9,403)**	**105,120**	**(20,168)**	**210,124**
Cash and cash equivalents at beginning of year/period	86,822	75,060	65,657	65,657	170,777
Cash and cash equivalents at end of year/period	**75,060**	**65,657**	**170,777**	**45,489**	**380,901**

Net Cash Used in Operating Activities

For the six months ended June 30, 2026, our net cash used in operating activities was RMB86.5 million, mainly due to our loss before tax of RMB1,094.8 million, adjusted by (i) certain non-cash items, including losses on changes in fair value of financial liabilities at FVTPL of RMB1,067.8 million and depreciation of right-of-use assets of RMB136.4 million, and (ii) changes in working capital, which primarily included an increase in trade payables, other payables and accruals of RMB91.6 million, partially offset by an increase in trade receivables, other receivables, prepayments and other assets of RMB233.0 million.

For the year ended December 31, 2025, our net cash used in operating activities was RMB82.4 million, mainly due to our loss before tax of RMB335.5 million, adjusted by (i) certain non-cash items, including losses on changes in fair value of financial liabilities at FVTPL of RMB239.5 million and depreciation of right-of-use assets of RMB170.8 million, and (ii) changes in working capital, which primarily included a decrease in contract costs of RMB174.4 million. Such adjustments were partially offset by an increase in trade receivables, other receivables, prepayments and other assets of RMB290.2 million, an increase in contract assets of RMB98.6 million and a decrease in contract liabilities of RMB69.2 million.

For the year ended December 31, 2024, our net cash used in operating activities was RMB38.4 million, mainly due to our loss before tax of RMB458.2 million, adjusted by (i) certain non-cash items, including losses on changes in fair value of financial liabilities at FVTPL of RMB252.0 million, and depreciation of right-of-use assets of RMB27.2 million, and (ii) changes in working capital, which primarily included an increase in contract liabilities of RMB168.8 million, and an increase in trade payables, other payables and accruals of RMB70.7 million. Such adjustments were partially offset by increase in contract costs of RMB167.4 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB251.2 million, mainly due to our loss before tax of RMB394.2 million, adjusted by (i) certain non-cash items, including losses on changes in fair value of financial liabilities at FVTPL of RMB199.7 million, and (ii) changes in working capital, which primarily included an increase in contract liabilities of RMB9.5 million. Such adjustments were partially offset by an increase in inventories of RMB32.3 million, an increase in trade receivables, other receivables, prepayments and other assets of RMB27.5 million and a decrease in trade payables, other payables and accruals of RMB7.3 million.

In the future, we aim to continue to improve our net operating cash outflow position and gradually enhance our cash flow generation through the following focus areas: (i) capturing the growing demand for AI computing infrastructure and computing resources, (ii) increasing sales of our existing AI Computing Infrastructure Solutions and AI Computing Cloud Services, (iii) launching new solutions and services to broaden our revenue base, and (iv) optimizing our cost structure and improving operating efficiency.

Net Cash Used in Investing Activities

For the six months ended June 30, 2026, our net cash used in investing activities was RMB19.7 million, mainly due to purchase of property, plant and equipment of RMB13.7 million and loans to third parties of RMB5.0 million.

For the year ended December 31, 2025, our net cash used in investing activities was RMB29.4 million, mainly due to (i) purchase of property, plant and equipment of RMB39.6 million, and (ii) payment for financial assets at FVTPL of RMB5.0 million, partially offset by refund for investment in a private fund of RMB13.0 million and proceeds from disposal of equity instruments at FVTOCI of RMB7.5 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB40.0 million, mainly due to (i) purchase of property, plant and equipment of RMB13.1 million, (ii) prepayment for investment in a private fund of RMB13.0 million, (iii) payment for equity instruments at FVTOCI of RMB7.1 million, and (iv) payments of rental deposits of RMB7.0 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB31.6 million, mainly due to purchase of property, plant and equipment of RMB26.9 million and acquisition of investment in an associate of RMB3.8 million.

Net Cash from Financing Activities

For the six months ended June 30, 2026, our net cash from financing activities was RMB316.3 million, mainly due to (i) proceeds from issue of paid-in capital/ordinary shares with preferred rights of RMB500.0 million, and (ii) new bank borrowings raised of RMB116.0 million, partially offset by (i) repayments of lease liabilities of RMB157.5 million, and (ii) repayments of bank borrowings of RMB90.1 million.

For the year ended December 31, 2025, our net cash from financing activities was RMB216.9 million, mainly due to (i) proceeds from issue of paid-in capital/ordinary shares with preferred rights of RMB323.0 million, and (ii) new bank borrowings raised of RMB175.1 million; partially offset by (i) repayments of lease liabilities of RMB99.7 million, (ii) repayments of bank borrowings of RMB95.2 million, and (iii) repayments of borrowings from a shareholder of RMB50.0 million.

For the year ended December 31, 2024, our net cash from financing activities was RMB69.0 million, mainly due to (i) new bank borrowings raised of RMB120.2 million, and (ii) new borrowings raised from a shareholder of RMB50.0 million; partially offset by repayments of bank borrowings of RMB90.0 million.

For the year ended December 31, 2023, our net cash from financing activities was RMB271.0 million, mainly due to (i) proceeds from issue of ordinary shares with preferred rights of RMB265.4 million, and (ii) new bank borrowings raised of RMB80.0 million; partially offset by repayments of bank borrowings of RMB70.0 million.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our current cash and cash equivalents, cash flows to be generated from operating and financing activities, and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital for our present requirements that is for at least the next 12 months from the date of this document.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of borrowings, lease liabilities, other payables and financial liabilities at FVTPL. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				*(unaudited)*
Current					
Borrowings	70,006	97,172	180,082	206,000	216,000
Lease liabilities	4,867	59,885	276,823	397,298	696,198
Financial liabilities at FVTPL	4,328	28,030	1,678,493	–	–
Other payables	–	50,333	–	–	–
Subtotal	**79,201**	**235,420**	**2,135,398**	**603,298**	**912,198**
Non-current					
Borrowings	–	3,000	–	–	–
Lease liabilities	6,814	127,132	680,540	1,082,736	2,391,031
Financial liabilities at FVTPL	858,283	1,101,604	13,673	3,244,811	3,244,811
Subtotal	**865,097**	**1,231,736**	**694,213**	**4,327,547**	**5,635,842**
Total	**944,298**	**1,467,156**	**2,829,611**	**4,930,845**	**6,548,040**

Borrowings

The following table sets forth the breakdown of our borrowings as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	(RMB in thousands)				*(unaudited)*
Guaranteed and unsecured	70,006	80,172	149,082	70,000	60,000
Guaranteed and secured	–	–	11,000	–	–
Unguaranteed and unsecured	–	20,000	20,000	136,000	156,000
Subtotal	**70,006**	**100,172**	**180,082**	**206,000**	**216,000**

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, the borrowings of RMB70.0 million, RMB80.2 million, RMB149.1 million, RMB70.0 million and RMB60.0 million, were guaranteed by certain Directors of the Company, the spouse of the CEO and certain third parties, in favor of the relevant banks, respectively. As of December 31, 2025, the borrowing of RMB11.0 million was secured by the pledge of patent rights owned by the Company and guaranteed by the CEO and his spouse in favor of the relevant bank, which was fully repaid in March 2026.

During the Track Record Period and up to the date of this document, we had not been in violation of any of the material covenants pursuant to the respective bank loans we entered into with the relevant bank, and there was no delay or default in the repayment of loans during the Track Record Period. Taking our financial position into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of the Latest Practicable Date.

As of July 31, 2026, we had committed unutilized banking facility of RMB144.0 million.

Lease Liabilities

Our lease liabilities are primarily related to leases of AIDCs. Our lease liabilities increased from RMB11.7 million as of December 31, 2023 to RMB187.0 million as of December 31, 2024, to RMB957.4 million as of December 31, 2025, to RMB1,480.0 million as of June 30, 2026, and RMB3,087.2 million as of July 31, 2026, primarily due to our increased operation of AIDCs.

Other payables

Other payables include loan from a shareholder. In November 2024, a shareholder provided a loan to us that was unsecured, unguaranteed, bore interest at 8% per annum and was settled in September 2025. As of December 31, 2023, 2024 and 2025, June 30, 2026, and July 31, 2026, our other payables were nil, RMB50.3 million, nil, nil and nil, respectively.

Financial Liabilities at FVTPL

Financial liabilities at FVTPL represent the fair value of paid-in capital/ordinary shares with preferred rights from series angel, series A, series B, series B+, series B++, series C, series C+, series D, series D+, series D++, series E and series pre-**[REDACTED]** financing activities, warrants and convertible loan notes. Changes in fair value of financial liabilities at FVTPL had been recognized in our consolidated statements of profit or loss and other comprehensive income. The paid-in capital/ordinary shares with preferred rights will be reclassified to equity after the termination of the preferred rights upon the **[REDACTED]**. The warrants and convertible loan notes have been fully settled in November 2025 and May 2026, respectively. Financial liabilities at FVTPL amounted to RMB862.6 million, RMB1,129.6 million, RMB1,692.2 million, RMB3,244.8 million and RMB3,244.8 million as of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, respectively.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of July 31, 2026.

Our Directors confirm that there have been no material changes in our indebtedness since July 31, 2026, being the latest practicable date for determining our indebtedness, up to the date of this document. Our Directors also confirm that there have been no material defaults on trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period and up to the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures are primarily related to purchases of property, plant and equipment. In 2023, 2024, 2025 and in the six months ended June 30, 2026, our capital expenditures amounted to RMB26.9 million, RMB13.1 million, RMB39.6 million and RMB13.7 million, respectively. We expect to finance our planned capital expenditures primarily with our internal resources as well as **[REDACTED]** from the **[REDACTED]**. See "Future Plans and Use of **[REDACTED]**" for more details. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, our financial condition and results of operations, our business plans, market conditions and various other factors.

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure we contracted but not yet provided for the purchase of items of property, plant and equipment. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had no capital commitments.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and June 30, 2026, we did not have any material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, except for guarantees provided by certain Directors, our CEO's spouse and certain Director's spouse in respect of our borrowings and remuneration paid to our Directors, Supervisors and other key management personnel, there is no other significant transactions and balances carried out between us and related parties. For details about our material related party transactions, see Note 39 to the Accountants' Report.

Our Directors are of the view that each of the related party transactions set out in Note 39 to the Accountants' Report was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio:

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Revenue growth rate[1]	N/A	272.3%	177.7%	N/A	92.0%
Gross profit margin[2]	40.6%	11.7%	17.4%	18.4%	31.0%
Current ratio[3]	1.27	0.57	0.24	N/A	1.10
Quick ratio[4]	1.09	0.56	0.23	N/A	1.09

Notes:

(1) Revenue growth rate is calculated by dividing revenue growth for the relevant year/period by revenue for the previous year/corresponding period and multiplied by 100%.

(2) Gross profit margin equals gross profit for the year/period divided by revenues for the respective year/period and multiplied by 100%.

(3) Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

(4) Quick ratio is calculated as total current assets less inventories and divided by total current liabilities as of the dates indicated.

MARKET RISK DISCLOSURE

Our activities expose us to a variety of financial risks, including interest rate risk, other price risk, credit risk, and liquidity risk. See Note 42 to the Accountants' Report for further details.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. **[REDACTED]** should not purchase our H Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. According to applicable laws in Chinese Mainland and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. As a result, we may not have sufficient or any distributable profits to make dividend contributions to our Shareholders.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately **[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of **[REDACTED]** per Share, being the mid-point of the **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share), which represent **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**, assuming no H Shares are **[REDACTED]** pursuant to the **[REDACTED]**. The above **[REDACTED]** are comprised of (i) **[REDACTED]**-related expenses of HK$**[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses of HK$**[REDACTED]**, including (a) the legal advisors and the accountants' expenses of HK$**[REDACTED]**, and (b) other fees and expenses of HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** of which was charged to our consolidated statements of profit or loss, and HK$**[REDACTED]** of which was attributable to the **[REDACTED]** of Shares and will be deducted from equity. We expect to incur additional **[REDACTED]** of approximately HK$**[REDACTED]** after the Track Record Period, approximately HK$**[REDACTED]** of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** of which is attributable to the **[REDACTED]** of Shares and will be deducted from equity upon **[REDACTED]**. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED TOTAL TANGIBLE ASSETS LESS LIABILITIES

The unaudited **[REDACTED]** statement of adjusted consolidated total tangible assets less liabilities of our Group is prepared in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the **[REDACTED]** on the consolidated total tangible assets less liabilities of our Group attributable to our owners as of June 30, 2026 as if the **[REDACTED]** had taken place on such date.

The unaudited **[REDACTED]** statement of adjusted consolidated total tangible assets less liabilities has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true and fair picture of the consolidated total tangible assets less liabilities of our Group attributable to our owners as of June 30, 2026 or at any further date following the **[REDACTED]**. See "Appendix II—Unaudited **[REDACTED]** Financial Information" for more details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or **[REDACTED]** prospects since June 30, 2026 and up to the date of this document and there is no event since June 30, 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

IMMEDIATELY BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB53,731,601 divided into 53,731,601 Unlisted Shares with a nominal value of RMB1.00 each.

IMMEDIATELY FOLLOWING THE COMPLETION OF THE SHARE SUBDIVISION AND THE [REDACTED]

Immediately following the completion of the Share Subdivision, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, assuming that the **[REDACTED]** is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of our share capital
		(%)
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

Immediately following the completion of the Share Subdivision, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, assuming that the **[REDACTED]** is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of our share capital
		(%)
Unlisted Shares in issue	**[REDACTED]**	**[REDACTED]**
H Shares converted from Unlisted Shares	**[REDACTED]**	**[REDACTED]**
H Shares issued pursuant to the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100.00**

RANKING

Upon the completion of the Share Subdivision, the **[REDACTED]** and the conversion of Unlisted Shares into H Shares, our Shares will consist of Unlisted Shares and H Shares. Unlisted Shares and H Shares are both ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be **[REDACTED]** for by or **[REDACTED]** between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends for H Shares will be paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of Unlisted Shares may, at their own option, authorize our Company to apply to the CSRC for conversion of their respective Unlisted Shares into H Shares, and such converted Shares may be **[REDACTED]** and **[REDACTED]** on an overseas stock exchange provided that the required filings with the CSRC for the conversion, **[REDACTED]** and **[REDACTED]** of such converted Shares have been completed. Additionally, such conversion, **[REDACTED]** and **[REDACTED]** shall meet applicable requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. Save as disclosed in this document and to the best knowledge of our Directors, we are not aware of the intention of any existing Shareholders to convert their Unlisted Shares.

If any Unlisted Shares are to be converted, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the **[REDACTED]** of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the **[REDACTED]** to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry in the H Share register of members. As the **[REDACTED]** of additional H Shares after the **[REDACTED]** on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it will not require such prior application for **[REDACTED]** at the time of our initial **[REDACTED]** in Hong Kong. Any application for **[REDACTED]** of the converted H Shares on the Stock Exchange after the **[REDACTED]** is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register of members, and our Company will re-register such Shares on the H Share register of members maintained in Hong Kong and instruct the **[REDACTED]** to **[REDACTED]** H Share certificates. Registration on the H Share register of members of our Company will be on the conditions that (i) the **[REDACTED]** with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates, and (ii) the admission of the H Shares to be **[REDACTED]** on the Stock Exchange complies with the Listing Rules and the General Rules of **[REDACTED]** and **[REDACTED]** Operational Procedures in force from time to time. Until the converted Shares are re-registered in the H Share register of members of our Company, such Shares would not be **[REDACTED]** as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure—Capitalization of Our Company."

REGISTRATION OF SHARES NOT LISTED ON OVERSEAS STOCK EXCHANGE

According to the Notice on Adjustment of Business Acceptance of Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies of China Securities Depositary and Clearing Corporation Limited (《中國證券登記結算有限責任公司關於境外上市公司非境外上市股份登記存管業務受理調整的通知》) and the Business Guidelines for the Registration and Depository of Non-Overseas Listed Shares of Overseas Listed Companies of China Securities Depositary and Clearing Corporation Limited Shenzhen Branch (《中國證券登記結算有限責任公司深圳分公司境外上市公司非境外上市股份登記存管業務指南》), our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the Shenzhen Branch of the CSDC.

SHAREHOLDERS' MEETING

For details of circumstances under which our Shareholders' meeting is required, see "Appendix III—Summary of Articles of Association."

Equity Incentive Scheme

We adopted the Equity Incentive Scheme on March 1, 2018, which was amended and restated on February 2, 2026. For further information regarding the principal terms and participants of the Equity Incentive Scheme, see "Appendix IV—Statutory and General Information—D. Equity Incentive Scheme."

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) and the conversion of Unlisted Shares to H Shares, the following persons will have interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

		As of the Latest Practicable Date		Immediately following the Share Subdivision and the completion of the [REDACTED]		
Shareholder	**Nature of interest**	**Number of Shares interested in**	**Approximate percentage of shareholding in the total share capital of our Company**	**Number of Shares interested in**	**Approximate percentage of interest in the Unlisted Shares/ H Shares[2]**	**Approximate percentage of interest in the total share capital of our Company[2]**
			(%)		*(%)*	*(%)*
Dr. Fang	Beneficial owner	3,686,880 Unlisted Shares	6.86	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
	Interest in controlled corporation[3]	3,109,888 Unlisted Shares	5.79	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
	Interest jointly held with another person[4]	3,686,880 Unlisted Shares	6.86	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Shang	Beneficial owner	3,686,880 Unlisted Shares	6.86	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
	Interest in controlled corporation[3]	3,109,888 Unlisted Shares	5.79	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
	Interest jointly held with another person[4]	3,686,880 Unlisted Shares	6.86	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Xuanyuan Zhitong	Beneficial owner[3]	3,109,888 Unlisted Shares	5.79	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Beijing Zhongfa Frontier Investment Management Co., Ltd. (北京中發前沿投資管理有限公司) ("**Beijing Frontier**")	Interest in controlled corporation[5][6]	4,554,844 Unlisted Shares	8.56	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

SUBSTANTIAL SHAREHOLDERS

		As of the Latest Practicable Date		Immediately following the Share Subdivision and the completion of the [REDACTED]		
Shareholder	**Nature of interest**	**Number of Shares interested in**	**Approximate percentage of shareholding in the total share capital of our Company**	**Number of Shares interested in**	**Approximate percentage of interest in the Unlisted Shares/ H Shares[2]**	**Approximate percentage of interest in the total share capital of our Company[2]**
			(%)		*(%)*	*(%)*
Ningbo Bonded Zone Frontier Enterprise Management Co., Ltd. (寧波保稅區前沿企業管理有限公司) ("**Bonded Zone Frontier**")	Interest in controlled corporation[5][6]	4,554,844 Unlisted Shares	8.56	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Beijing Zhongguancun Capital Fund Management Co., Ltd. (北京中關村資本基金管理有限公司) ("**ZGC Capital**")	Interest in controlled corporation[5][6][7]	5,465,610 Unlisted Shares	10.17	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) ("**ZGC Development**")	Interest in controlled corporation[5][6][7]	5,465,610 Unlisted Shares	10.17	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司) ("**Beijing State-owned Capital**")	Interest in controlled corporation[5][6][7]	5,465,610 Unlisted Shares	10.17	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Jia Zhenzhao (賈振釗) ("**Mr. Jia**")	Interest in controlled corporation[5][6][7][8]	6,637,936 Unlisted Shares	12.35	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Tianjin SAIF Shengyuan Investment Management Center (Limited Partnership) (天津賽富盛元投資管理中心(有限合夥)) ("**Tianjin SAIF**")	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

		As of the Latest Practicable Date		Immediately following the Share Subdivision and the completion of the [REDACTED]		
Shareholder	Nature of interest	Number of Shares interested in	Approximate percentage of shareholding in the total share capital of our Company	Number of Shares interested in	Approximate percentage of interest in the Unlisted Shares/ H Shares[2]	Approximate percentage of interest in the total share capital of our Company[2]
			(%)		*(%)*	*(%)*
Tianjin Himalaya Investment Consulting Co., Ltd. (天津喜瑪拉雅投資諮詢有限公司) ("**Tianjin Himalaya**")	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Yan Ansheng (閻安生)	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Ms. Zhao Jun (趙鈞) ("**Ms. Zhao**")	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Ms. Li Jia (李佳) ("**Ms. Li**")	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]
Mr. Andrew Y. Yan (閻焱) ("**Mr. Yan**")	Interest in controlled corporation[9]	4,268,200 Unlisted Shares	7.94	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]	[REDACTED] [REDACTED]

Notes:

(1) All interests set out in the table above represent long positions.

(2) The calculation is based on: (i) a total of **[REDACTED]** H Shares in **[REDACTED]** immediately following the completion of the Share Subdivision and the **[REDACTED]** since **[REDACTED]** Unlisted Shares will be converted into H Shares and **[REDACTED]** H Shares will be **[REDACTED]** pursuant to the **[REDACTED]**, (ii) a total of **[REDACTED]** Unlisted Shares in **[REDACTED]** immediately following the completion of the Share Subdivision and the **[REDACTED]**, and (iii) the assumption that the **[REDACTED]** is not exercised.

(3) The general partner and sole limited partner of Xuanyuan Zhitong are Dr. Fang and Mr. Shang, each holding 50% of the partnership interest, respectively. As such, each of Dr. Fang and Mr. Shang is deemed to be interested in the Shares held by Xuanyuan Zhitong under the SFO.

(4) Dr. Fang and Mr. Shang are parties to the AIC Agreement, pursuant to which they agreed, among others, to act in concert on matters requiring approval of the Shareholders or the Board, the proposing or voting of any Shareholder or Board resolutions, and the nomination of Directors. For details of the AIC Agreement, see "History, Development and Corporate Structure—AIC Agreement and Our Single Largest Group of Shareholders." As such, Dr. Fang and Mr. Shang are deemed to be interested in the Shares held by each other under the SFO.

(5) To the best of our Directors' knowledge, as of the Latest Practicable Date, (i) the general partner of Beijing Zhongfa Qianyan Shengtai Technology Center (Limited Partnership) (北京中發前沿生態科技中心(有限合夥)) ("**Qianyan Shengtai**") was Beijing Frontier Sci-Tech Private Fund Management Center (Limited Partnership) (北京前沿科創私募基金管理中心(有限合夥)) ("**Frontier Sci-Tech**"); (ii) the general partner of Frontier Sci-Tech was Beijing Frontier; (iii) Beijing Frontier was owned as to (a) 65% by Bonded Zone Frontier, which was in turn owned as to 70% by Mr. Jia, and (b) 35% by ZGC Capital, which was wholly owned by ZGC Development; and (iv) ZGC Development was owned as to 50.41% by Beijing State-owned Capital. As such, each of Beijing Frontier, Bonded Zone Frontier, ZGC Capital, ZGC Development, Beijing State-owned Capital, and Mr. Jia is deemed to be interested in the Shares held by Qianyan Shengtai under the SFO.

(6) To the best of our Directors' knowledge, as of the Latest Practicable Date, the general partner of Beijing Zhongguancun Development Frontier Enterprise Investment Fund (Limited Partnership) (北京中關村發展前沿企業投資基金(有限合夥)) ("**ZGC Frontier**") was Beijing Frontier. As such, each of Beijing Frontier, Bonded Zone Frontier, ZGC Capital, ZGC Development, Beijing State-owned Capital, and Mr. Jia is deemed to be interested in the Shares held by ZGC Frontier under the SFO.

(7) To the best of our Directors' knowledge, as of the Latest Practicable Date, the general partner of Beijing Zhongfa Gaojingjian Selected Venture Capital Fund (Limited Partnership) (北京中發高精尖臻選創業投資基金(有限合夥)) ("**Beijing Zhongfa**") was ZGC Capital. As such, each of ZGC Capital, ZGC Development, and Beijing State-owned Capital is deemed to be interested in the Shares held by Beijing Zhongfa under the SFO.

(8) To the best of our Directors' knowledge, as of the Latest Practicable Date, Hangzhou Yinchen Enterprise Management Partnership (Limited Partnership) (杭州銀宸企業管理合夥企業(有限合夥)) ("**Hangzhou Yinchen**") had two general partners, one of whom was Hainan Yuema Wenwei Enterprise Management Co., Ltd. (海南躍馬文蔚企業管理有限公司), which was in turn owned as to 99% by Mr. Jia. As such, Mr. Jia is deemed to be interested in the Shares held by Hangzhou Yinchen under the SFO.

(9) To the best of our Directors' knowledge, as of the Latest Practicable Date, (i) the general partner of Nanjing SAIF Equity Investment Fund (Limited Partnership) (南京賽富股權投資基金(有限合夥)) ("**Nanjing SAIF**") was Nanjing SAIF Equity Investment Management Center (Limited Partnership) (南京賽富股權投資管理中心(有限合夥)) ("**Nanjing SAIF Equity**"), the general partner of which was Tianjin SAIF. The general partner of Tianjin SAIF was Tianjin Himalaya, which was owned as to 50% by each of Ms. Zhao and Ms. Li; (ii) Mr. Yan Ansheng was a limited partner of Tianjin SAIF, holding 35% of the partnership interest; (iii) the general partner of Qingdao SAIF Haohai Venture Investment Center (Limited Partnership) (青島賽富皓海創業投資中心(有限合夥)) ("**Qingdao SAIF**") was Qingdao SAIF Haohai Investment Management Center (Limited Partnership) (青島賽富皓海投資管理中心(有限合夥)) ("**SAIF Haohai**") and Tianjin SAIF was a limited partner of SAIF Haohai, holding 50% of the partnership interest; (iv) the general partner of Beijing SAIF Haohai Industrial Internet Investment Center (Limited Partnership) (北京賽富皓海工業互聯網投資中心(有限合夥)) ("**Beijing SAIF**") was Beijing SAIF Haochuang Consulting Management Center (Limited Partnership) (北京賽富皓創諮詢管理中心(有限合夥)) ("**SAIF Haochuang**"). The general partner of SAIF Haochuang was Qingdao SAIF Investment Management Co., Ltd. (青島賽富投資管理有限責任公司), which was owned as to 60% by Tianjin SAIF; (v) the general partner of Jiaxing Tengyuan Investment Partnership (Limited Partnership) (嘉興騰元投資合夥企業(有限合夥)) ("**Jiaxing Tengyuan**") was Tianjin SAIF; and (vi) Jiaxing Tengyuan was a limited partner of Beijing Fengyuan Enterprise Management Center (Limited Partnership) (北京灃元企業管理中心(有限合夥)) ("**Beijing Fengyuan**"), holding 40% of the partnership interest; and (vii) the general partner of each of Nanjing SAIF, Qingdao SAIF, Beijing SAIF and Jiaxing Tengyuan was ultimately controlled by Mr. Yan. As such, each of Tianjin SAIF, Tianjin Himalaya, Mr. Yan Ansheng, Ms. Zhao, Ms. Li and Mr. Yan is deemed to be interested in the Shares held by Nanjing SAIF, Qingdao SAIF, Beijing SAIF, Jiaxing Tengyuan and Beijing Fengyuan under the SFO.

Save as disclosed above and in "Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—3. Disclosure of Interests," our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised) and the conversion of Unlisted Shares to H Shares, have any interest and/or short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

BOARD OF DIRECTORS

Upon the **[REDACTED]**, our Board will comprise nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The table below sets out certain information of our Directors.

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Responsibilities
Executive Directors					
Dr. Fang Lei (方磊)	48	Chairman of our Board, executive Director and general manager	February 26, 2013	February 26, 2013	Overseeing the strategic planning and making key business and operational decisions of our Group
Mr. Shang Mingdong (尚明棟)	50	Executive Director, vice chairman of our Board and deputy general manager	February 26, 2013	February 26, 2013	Directing our Group's internal operations and management processes, optimizing organizational efficiency, and ensuring cross-functional coordination in support of our Board's strategic objectives
Mr. Fang Yan (方顏)	42	Executive Director and joint company secretary	December 9, 2024	February 10, 2023	Overseeing the overall financial strategies, corporate governance, investor relations, and capital markets activities of our Group
Non-executive Directors					
Dr. Jiao Yueguang (焦悦光)	48	Non-executive Director (employee representative Director) and senior architect	September 8, 2020	July 18, 2016	Providing professional opinion and judgment to our Board
Mr. Huang Yiming (黃一鳴)	33	Non-executive Director	September 16, 2025	September 16, 2025	Providing professional opinion and judgment to our Board
Mr. Jiang Chihua (蔣馳華)	50	Non-executive Director	March 17, 2021	March 17, 2021	Providing professional opinion and judgment to our Board
Independent Non-executive Directors					
Dr. Zhang Changshui (張長水)	61	Independent non-executive Director	September 28, 2023	September 28, 2023	Supervising and providing independent judgment to our Board
Prof. Meng Rujing (孟茹靜)	49	Independent non-executive Director	September 23, 2026	September 23, 2026	Supervising and providing independent judgment to our Board
Dr. Xu Qinghong (徐慶宏)	59	Independent non-executive Director	September 23, 2026	September 23, 2026	Supervising and providing independent judgment to our Board

Executive Directors

Dr. Fang Lei (方磊) has extensive experience in cloud computing, big data infrastructure and artificial intelligence technologies. Before founding our Group, Dr. Fang joined the Center for Software Excellence at Microsoft Corporation (NASDAQ: MSFT) ("**Microsoft**") in May 2008 as a research software development engineer, and contributed to Windows Azure by designing and developing the data center monitoring and diagnostics service as a core team member. In February 2011, he then worked on the Bing Infrastructure team at Microsoft, where he leveraged machine learning to improve indexing efficiency and search result freshness. Dr. Fang was selected as one of the 2025 Forbes China ESG Influential Figures (2025福布斯中國ESG影響力人物).

Dr. Fang obtained a bachelor's degree in electronic engineering from Tsinghua University (清華大學) in the PRC in July 2000, a master's degree in electrical engineering from Syracuse University in the U.S. in May 2004, and a Ph.D. in electrical engineering from Virginia Polytechnic Institute and State University in the U.S. in May 2008.

Mr. Shang Mingdong (尚明棟) has extensive experience in software development and corporate management. He served as a software development engineer at the headquarters of Microsoft from November 2006 to January 2013, where he participated in the development of the Windows operating system.

Mr. Shang obtained a bachelor's degree in mechatronic engineering from Beihang University (北京航空航天大學) in the PRC in July 1998 and a master's degree in computer engineering from Syracuse University in the U.S. in December 2005.

Mr. Fang Yan (方顏) has extensive experience in investment banking, capital markets and corporate finance. Mr. Fang served as vice president in the investment banking department of Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司) from May 2013 to September 2020. He subsequently served as senior vice president in the investment banking headquarters of Industrial Securities Co., Ltd. (興業證券股份有限公司) (SHSE: 601377) from October 2020 to October 2021. He served as a director of capital operations at Tianjin Rongcheng Xiangtai Investment Holding Group Co., Ltd. (天津榮程祥泰投資控股集團有限公司) from November 2021 to January 2023.

Mr. Fang obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in the PRC in July 2007 and a master's degree in law from Renmin University of China (中國人民大學) in the PRC in June 2019. He obtained the qualification as a certified public accountant (註冊會計師) in May 2012.

Non-executive Directors

Dr. Jiao Yueguang (焦悦光) has extensive experience in telecommunication, software engineering and system architecture. Dr. Jiao served as a senior engineer at ZTE Corporation (中興通訊股份有限公司) (HKEX: 00763; SZSE: 000063) from July 2004 to January 2006. He then served as a principal researcher at Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司) from February 2006 to January 2008. He served as R&D department manager at Beijing Chengjie Hongyuan Communication Technology Co., Ltd. (北京誠捷鴻遠通信技術有限公司) from January 2009 to March 2010. He was a senior software engineer at Symantec Software (Beijing) Co., Ltd. (賽門鐵克軟件(北京)有限公司) from April 2010 to June 2016.

Dr. Jiao obtained a bachelor's degree in physical electronics and optoelectronic technology in June 1999, and a master's degree and a Ph.D. in electronic science and technology in June 2004, all from Tsinghua University (清華大學) in the PRC.

Mr. Huang Yiming (黃一鳴) has extensive experience in equity investment, fund management and the artificial intelligence industry. He served as an investment manager in the industry investment department of Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司) from July 2017 to January 2019. He has successively served as investment manager, deputy director and director at Beijing Zhongguancun Capital Fund Management Co., Ltd. (北京中關村資本基金管理有限公司) since January 2019. Mr. Huang has also served as vice president of the Beijing Artificial Intelligence Association (北京市人工智能協會) since March 2026.

Mr. Huang obtained a bachelor's degree in information engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 2014 and a master's degree in information science and technology from Peking University (北京大學) in the PRC in July 2017.

Mr. Jiang Chihua (蔣馳華) has extensive experience in technology and venture capital investment. He served as an application development engineer at the National Space Science Center of the Chinese Academy of Sciences (中國科學院國家空間科學中心) from July 1998 to September 1999. He then served as a senior chip design and testing engineer at IBM Japan Group from October 1999 to July 2003. He served as deputy manager in the product marketing department of ROHM Co., Ltd. from July 2004 to July 2005. He served as a director of new project development at Sony (China) Limited (索尼(中國)有限公司) from June 2007 to October 2013, and as an investment director at Haier Venture Capital Co., Ltd. (青島海爾創業投資有限責任公司) from November 2013 to April 2015. Mr. Jiang has served as a partner at SAIF Partners since April 2015. He has also served as a director and general manager at Qingdao SAIF Investment Management Co., Ltd. (青島賽富投資管理有限責任公司) since 2015, and as an executive director and general manager at Jiaxing Haohai Investment Management Co., Ltd. (嘉興皓海投資管理有限責任公司) since 2017.

Mr. Jiang obtained a bachelor's degree in electronic engineering from Beijing Institute of Technology (北京理工大學) in July 1998. He obtained an MBA from Fordham University in the U.S. in February 2007, through an international business administration program offered by Peking University (北京大學) in the PRC in collaboration with Fordham University.

Independent Non-executive Directors

Dr. Zhang Changshui (張長水) is an experienced scholar in the fields of artificial intelligence, pattern recognition and intelligent systems. Dr. Zhang served as a lecturer from July 1992 to December 1994, and as an associate professor from January 1995 to August 2000, in the department of automation at Tsinghua University (清華大學). Since August 2000, he has served as a professor in the same department at Tsinghua University (清華大學).

Dr. Zhang obtained a bachelor's degree in applied mathematics from Peking University (北京大學) in the PRC in July 1986, and a Ph.D. in pattern recognition and intelligent systems from Tsinghua University (清華大學) in the PRC in June 1992.

Prof. Meng Rujing (孟茹靜) is a scholar with extensive experience in finance and business education. Prof. Meng served in various positions at the Faculty of Business and Economics of the University of Hong Kong (香港大學) ("**HKU**") since July 2004, including assistant professor, principal lecturer, and professor of teaching in the finance area. She served as program director of the master of finance program from September 2014 to June 2026, as program director of the master of finance in financial technology program from September 2020 to August 2024, and as associate director of Asia Case Research Centre from September 2021 to August 2026 at the same faculty at HKU. Prof. Meng served as an independent non-executive director of Shandong International Trust Co., Ltd. (山東省國際信託股份有限公司) (HKEX: 01697) from September 2016 to December 2023. She has served as an independent non-executive director of ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (HKEX: 01461) since April 2026. She has also served as a supervisor of Marvelstone (Chengdu) Technology Co., Ltd. (成都鳴石峻致科技有限公司) since December 2025.

Prof. Meng obtained a bachelor's degree in finance from Peking University (北京大學) in the PRC in July 1999 and a Ph.D. in finance from Duke University in the U.S. in May 2004.

Dr. Xu Qinghong (徐慶宏) is a seasoned financial professional with extensive experience across financial regulation, banking and capital markets. He was deputy division chief at the Central Financial Commission of the Central Committee of the Chinese Communist Party (中共中央金融工作委員會) from September 2000 to March 2003. From March 2003 to February 2019, he held various positions including division chief and deputy director at the China Banking Regulatory Commission (中國銀行業監督管理委員會). He served as the secretary of the party committee and chairman of the board of directors at Tianjin Rural Commercial Bank Co., Ltd. (天津農村商業銀行股份有限公司) from February 2019 to June 2021. He was also a vice president at Tianjin Rongcheng Xiangtai Investment Holding Group Co., Ltd. (天津榮程祥泰投資控股集團有限公司) from November 2021 to August 2022. He served as the chairman of the supervisory board and a supervisor of Sichuan Haowu Electromechanical Co., Ltd. (四川浩物機電股份有限公司) (SZSE: 000757) from February 2022 to October 2022. He served as senior vice president at Shanghai Qiyu Information Technology Co., Ltd. (上海淇毓信息科技有限公司), an affiliate controlled by 360 DigiTech, Inc. (currently known as Qfin Holdings, Inc. (奇富科技)) (NASDAQ: QFIN; HKEX: 03660), from August 2022 to August 2024. Dr. Xu served as an independent director of Xinjiang Aksu Rural Commercial Bank Co., Ltd. (新疆阿克蘇農村商業銀行股份有限公司) from December 2023 to December 2025, and of Xinjiang Kashi Rural Commercial Bank Co., Ltd. (新疆喀什農村商業銀行股份有限公司) from December 2024 to December 2025, respectively.

Dr. Xu has served as a member of the Shanghai Putuo District Committee of the Chinese People's Political Consultative Conference (上海市普陀區中國人民政治協商會議委員會) since December 2022. He has also been a chief expert at Tianjin Jincheng Bank Co., Ltd. (天津金城銀行股份有限公司) since May 2025.

Dr. Xu obtained a bachelor's degree in accounting from Jiangxi Institute of Finance and Economics (江西財經學院) (currently known as Jiangxi University of Finance and Economics (江西財經大學)) in the PRC in July 1990, and a master's degree and a Ph.D. in finance from the Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 2015. Dr. Xu obtained the qualification as an accountant (會計師) in the PRC and passed all subjects of the national unified examination for certified public accountants (註冊會計師) in the PRC in May 1996.

SENIOR MANAGEMENT

Upon the **[REDACTED]**, our senior management will comprise four members. The table below sets out certain information of our senior management.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Responsibilities
Dr. Fang Lei (方磊)	48	Chairman of our Board, executive Director and general manager	February 26, 2013	February 26, 2013	Overseeing the strategic planning and making key business and operational decisions of our Group
Mr. Shang Mingdong (尚明棟)	50	Executive Director, vice chairman of our Board and deputy general manager	June 6, 2026	February 26, 2013	Directing our Group's internal operations and management processes, optimizing organizational efficiency, and ensuring cross-functional coordination in support of our Board's strategic objectives
Mr. Fang Yan (方顏)	42	Executive Director and joint company secretary	**[REDACTED]**	February 10, 2023	Overseeing the overall financial strategies, corporate governance, investor relations, and capital markets activities of our Group
Ms. Yu Jiahe (于佳禾)	39	Finance director	June 20, 2025	April 17, 2023	Overseeing the financial management, budget management, accounting and internal control functions of our Group

For the biographical details of Dr. Fang, Mr. Shang and Mr. Fang Yan (方顏), see "—Board of Directors" in this section.

Ms. Yu Jiahe (于佳禾) has over 14 years of experience in auditing, financial reporting, and corporate finance. She served as a senior auditor at Mazars Consulting (Shanghai) Co., Ltd. Beijing Branch (瑪澤諮詢(上海)有限公司北京分公司) (currently known as Shanghai Forvis Mazars Enterprise Management Consulting Services Co., Ltd. Beijing Branch (上海富睿瑪澤企業管理諮詢服務有限公司北京分公司)) from April 2012 to July 2015. She then served as a manager of financial reporting and accounting policies at Net263 Ltd. (二六三網絡通信股份有限公司) (SZSE: 002467) from November 2015 to November 2017. Ms. Yu subsequently served as the financial senior manager of Beijing Gaoyi Information Technology Co., Ltd. (北京高繹信息技術有限公司) from December 2017 to August 2021. She was the general manager of the finance department at Hangzhou Yiyouliao Technology Co., Ltd. (杭州易有料科技有限公司) from September 2021 to October 2022.

Ms. Yu obtained a bachelor's degree in accounting from Beijing Wuzi University (北京物資學院) in July 2009, and an MBA from Trinity Western University in Canada in May 2022. Ms. Yu obtained the qualification as a certified management accountant in November 2019.

CONFIRMATION FROM OUR DIRECTORS

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors may serve on the boards of both private and public companies within the AI computing service industry. However, as our non-executive Directors are not members of our executive management team and not involved in the daily operation of our Group, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from such other companies in which our non-executive Directors may hold directorships from time to time.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 6, 2026, and (ii) understands his or her obligations as a director of a **[REDACTED]** issuer.

Each of our independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules, (ii) he/she had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company as of the Latest Practicable Date, and (iii) that there have been no other factors that might affect his/her independence at the time of his/her appointment.

Save as otherwise disclosed below, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Jiang was appointed as a director of Beijing Jiaguang Technology Co., Ltd. (北京佳光科技有限公司) ("**Beijing Jiaguang**") on September 12, 2017. Beijing Jiaguang was established in the PRC on September 28, 2016 and its principal activities were the research and development of lidar-related technologies and the exploration of related product development and commercial applications. Beijing Jiaguang was declared bankrupt by the Beijing No.1 Intermediate People's Court on July 11, 2025. The application for bankruptcy liquidation was made by a shareholder of Beijing Jiaguang. The bankruptcy arose from Beijing Jiaguang's prolonged underperformance relative to its business expectations and its resulting inability to sustain operations without further funding. Mr. Jiang confirmed that: (i) he was a shareholder-nominated director of Beijing Jiaguang and was not involved in the day-to-day management or operation of Beijing Jiaguang's business, which was the responsibility of its founding team and management; and (ii) as of the Latest Practicable Date, to the best of his knowledge, there was no outstanding liability or ongoing claim or litigation against Mr. Jiang in his capacity as a director of Beijing Jiaguang.

Mr. Jiang was a director of Beijing Lingjie Technology Co., Ltd. (北京領結科技有限公司) ("**Beijing Lingjie**"), a company established in the PRC on August 21, 2014 and its principal activities were technology promotion, IT services and business consulting. As Beijing Lingjie suspended business on its own for more than six consecutive months after commencing business, its business license was revoked on August 24, 2018. Mr. Jiang confirmed that, to the best of his knowledge, (i) there was no wrongful act on his part leading to the revocation of business license of Beijing Lingjie; and (ii) he is not aware of any actual or potential claim which has been or could potentially be made against him as a result of revocation of business license of Beijing Lingjie.

DIRECTORS' AND THE FIVE HIGHEST-PAID INDIVIDUALS' REMUNERATION

The aggregate amount of remuneration (including salaries and allowances, performance related bonuses, retirement benefits and share-based payments) paid to our Directors for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 amounted to RMB5.1 million, RMB4.8 million, RMB4.1 million, and RMB2.2 million, respectively. The aggregate amount of remuneration (including salaries and allowances, performance related bonuses, retirement benefits and share-based payments) paid to the five highest-paid individuals of our Group (excluding Directors) for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026 amounted to RMB3.1 million, RMB3.4 million, RMB6.5 million, and RMB4.1 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, including estimated share-based compensation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB4.7 million. The actual remuneration of our Directors in 2026 may be different from the expected remuneration set out above.

Save as disclosed above, no other payments have been paid, or are payable, by our Group to our Directors or the five highest paid individuals during the Track Record Period. No remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company, or as compensation for loss of office in connection with the management positions of any member of our Group. During the Track Record Period, none of our Directors waived any remuneration.

JOINT COMPANY SECRETARIES

Mr. Fang Yan (方顏) was appointed as a joint company secretary of our Company with effect from the **[REDACTED]**. For details of Mr. Fang's biography, see "—Board of Directors" in this section.

Ms. Choi Man Yee (蔡敏儀) was appointed as a joint company secretary of our Company with effect from the **[REDACTED]**.

Ms. Choi is a manager of company secretarial services of Tricor Services Limited. She has over ten years of experience in the corporate secretarial and governance field, and has provided professional secretarial and compliance services to Hong Kong listed companies as well as private and offshore companies. Ms. Choi is a Chartered Secretary, a Chartered Governance Professional and a member of The Hong Kong Chartered Governance Institute.

Ms. Choi obtained a bachelor's degree in business administration from Hong Kong Metropolitan University and a master's degree in corporate governance from the Hong Kong Polytechnic University.

CORPORATE GOVERNANCE

We have established three Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely Dr. Xu Qinghong (徐慶宏), Prof. Meng Rujing (孟茹靜) and Dr. Jiao Yueguang (焦悦光), with Dr. Xu currently serving as the chairperson. Dr. Xu Qinghong (徐慶宏) has the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Fang, Dr. Zhang Changshui (張長水) and Prof. Meng Rujing (孟茹靜), with Dr. Fang currently serving as the chairperson.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Dr. Zhang Changshui (張長水), Dr. Xu Qinghong (徐慶宏) and Mr. Shang, with Dr. Zhang currently serving as the chairperson.

Corporate Governance Code

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with the Corporate Governance Code after the **[REDACTED]** save for the matter disclosed below.

Pursuant to code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate chairman of our Board and general manager, and Dr. Fang currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enabling more effective and efficient overall strategic planning and execution of strategic initiatives for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and general manager at a time when it is appropriate taking into account the circumstances of our Group as a whole.

Diversity Policy

We are committed to promoting diversity within our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. We have adopted a diversity policy which sets out the objective and approach for achieving and maintaining the diversity of our Board and our workforce (including senior management). In accordance with the diversity policy, we seek to achieve Board diversity by taking into account a number of factors, including but not limited to gender, age, ethnicity, culture and educational background, professional experience, skills, knowledge and length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on our Board and also the specific needs of our Company without focusing on a single diversity aspect. We are also committed to promoting diversity within our workforce (including senior management) to enhance the effectiveness of our corporate governance as a whole.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as cloud computing, big data infrastructure, artificial intelligence technologies, software development, corporate management, investment banking, capital markets and corporate finance. They obtained degrees in various fields including electrical engineering, mechatronic engineering, computer engineering, physical electronics and optoelectronic technology, information science and technology, business administration, pattern recognition and intelligent systems, finance, legal and accounting. Furthermore, our Board has a diverse age and gender representation with one female Director and eight male Directors ranging from 33 years old to 61 years old.

After the **[REDACTED]**, we will from time to time discuss and agree on expected goals to ensure diversity, and review and, where necessary, update the diversity policy to ensure its continued effectiveness. We will report on the implementation of the diversity policy in our corporate governance report on an annual basis.

Equity Incentive Scheme

We adopted the Equity Incentive Scheme on March 1, 2018, which was amended and restated on February 2, 2026. For further information regarding the principal terms and participants of the Equity Incentive Scheme, see "Appendix IV—Statutory and General Information—D. Equity Incentive Scheme."

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable laws and regulations.

The term of appointment of our Compliance Advisor will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See "Business—Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming no **[REDACTED]** is exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the midpoint of the stated range of the **[REDACTED]** of between HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**).

In line with our strategies, we intend to use the net **[REDACTED]** we expect to receive from the **[REDACTED]** for the purposes and in the amounts set out below, subject to changes with respect to our evolving business needs and market conditions:

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to enhance our research and development capabilities, with the aim of advancing our computing infrastructure and iterating our cloud services platforms throughout the infrastructure layer, the computing operating system layer, the data and storage layer, and the application and services layer. We have invested, and will continue to invest, significant resources in our R&D activities. We plan to further apportion the use of **[REDACTED]** as follows:

  (i) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to invest in our R&D team by attracting and retaining experienced professionals. We believe that strengthening and expanding our R&D team is critical to sustaining our competitive edge and driving innovation. Qualified candidates include experienced professionals from leading technology companies or academic institutions and outstanding graduates from leading universities. To effectively retain our R&D personnel, we also intend to gradually increase the compensation levels for our R&D personnel to maintain the competitiveness of our compensation packages.

  (ii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to the procurement of hardware equipment to support our increasing R&D needs. We plan to procure related hardware equipment to support our R&D activities, including the development and testing across our computing infrastructure and cloud services platforms.

  (iii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to the procurement of software and technical services in support of our R&D activities. This includes R&D software tools and development environments required for our engineering workflows, and technical services such as data processing, system testing support and non-core development outsourcing.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be **[REDACTED]** in the investments of AIDCs projects to continuously expand our computing power resource scale. We intend to participate in such investments in the form of proprietary capital, transitioning from a traditional project-based construction model to a deep strategic

partnership model, with the objective of strengthening our autonomous control over computing power resources and more directly and fully capturing the operational efficiency gains brought about by technological iteration. The **[REDACTED]** under this item will primarily be applied to the procurement of hardware equipment for projects in which we participate.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to expand our sales channels and strengthen our brand, with the aim of retaining our existing customer base while actively developing new customers. We intend to achieve sustainable international business growth and revenue improvement by supporting different markets in building autonomous and controllable AI systems. We plan to further apportion the use of **[REDACTED]** as follows:

  (i) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to enhance our brand influence through co-marketing initiatives, brand promotion campaigns and active participation in and sponsorship of top-tier industry conferences and forums, thereby reinforcing our market positioning as a provider of accessible computing.

  (ii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to expand our sales channels by building and strengthening our network of channel agents and expanding our international operations, enabling us to reach a broader base of customers across additional regions.

  (iii) Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated to recruit and retain sales and marketing professionals to support our business growth. The associated costs primarily consist of salaries, benefits and performance-based compensation.

- Approximately **[REDACTED]**%, or HK$**[REDACTED]**, of the net **[REDACTED]** will be allocated for working capital and other general corporate purposes to support the stable conduct of our day-to-day operations.

If the **[REDACTED]** is fixed at the high-end or low-end of the **[REDACTED]** range (assuming the **[REDACTED]** is not exercised), the net **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]** (after deducting **[REDACTED]** fees and expenses related to the **[REDACTED]**). We intend to apply the additional or reduced net **[REDACTED]** to the above uses on a pro rata basis.

If the **[REDACTED]** is exercised in full, we will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share). We intend to apply the additional net **[REDACTED]** to the above uses on a pro rata basis.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages [I-1] to [I-91], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DATACANVAS CO., LTD. (北京九章雲極科技股份有限公司) AND CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED

Introduction

We report on the historical financial information of DataCanvas Co., Ltd. (北京九章雲極科技股份有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-4] to [I-91], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024, 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2023, 2024, 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and the six months ended June 30, 2026 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-4] to [I-91] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2023, 2024, 2025 and June 30, 2026, of the Company's financial position as at December 31, 2023, 2024, 2025 and June 30, 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by International Auditing and Assurance Standards Board. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

[In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.]

Dividends

We refer to Note 13 to the Historical Financial Information which contains and states that no dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,			Six months ended June 30,	
	NOTES	**2023**	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*6*	106,232	395,505	1,098,155	306,417	588,383
Cost of sales		(63,081)	(349,246)	(906,780)	(250,124)	(405,991)
Gross profit		43,151	46,259	191,375	56,293	182,392
Other income	*8*	2,328	3,420	13,016	5,551	6,617
Impairment losses (including reversals of impairment losses) on financial assets and other items	*14*	(153)	(4,462)	(10,175)	(3,013)	(11,166)
Other gains and losses		(842)	(132)	(1,187)	(464)	(772)
Selling and marketing expenses		(58,432)	(60,575)	(55,720)	(18,090)	(45,997)
General and administrative expenses		(66,032)	(77,148)	(65,101)	(29,009)	(45,215)
Research and development expenses		(111,551)	(103,435)	(121,636)	(53,121)	(66,785)
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Share of results of an associate		(2)	(316)	397	(122)	(325)
Finance costs	*9*	(3,011)	(9,777)	(42,922)	(18,004)	(35,242)
Changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	*43*	(199,664)	(252,023)	(239,532)	(178,190)	(1,067,753)
Loss before tax		(394,208)	(458,189)	(335,526)	(238,169)	(1,094,755)
Income tax expense	*10*	–	(221)	(71)	(4)	(123)
Loss for the year/period	*7*	(394,208)	(458,410)	(335,597)	(238,173)	(1,094,878)
Other comprehensive (expense)/income						
Item that will not be reclassified subsequently to profit or loss:						
Fair value (loss)/gain on investment in equity instruments at fair value through other comprehensive income ("**FVTOCI**")		–	(1,430)	1,790	1,790	–
Other comprehensive (expense)/income for the year/period net of income tax		–	(1,430)	1,790	1,790	–
Total comprehensive expense for the year/period		(394,208)	(459,840)	(333,807)	(236,383)	(1,094,878)
LOSS PER SHARE						
Basic and diluted *(RMB yuan)*	*15*	(9)	(10)	(6)	(5)	(9)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets					
Property, plant and equipment	*16*	18,584	36,036	65,305	71,688
Right-of-use assets	*17*	11,084	176,222	875,431	1,419,206
Other intangible assets	*18*	7,229	6,387	5,545	5,124
Interest in an associate	*19*	3,748	3,432	7,579	7,254
Equity instruments at FVTOCI	*20*	–	5,695	–	–
Financial assets at FVTPL	*21*	–	–	5,000	8,000
Other receivables and prepayments	*24*	11,174	22,415	25,259	24,050
Contract assets	*22*	–	5,093	43,803	57,269
		51,819	255,280	1,027,922	1,592,591
Current Assets					
Inventories	*23*	32,305	3,366	3,364	3,711
Trade receivables, other receivables, prepayments and other assets	*24*	102,165	75,350	347,611	577,142
Contract assets	*22*	–	209	55,165	69,630
Contract costs	*26*	12,423	179,738	5,312	6,017
Restricted bank deposits	*25*	–	139	–	1,866
Cash and cash equivalents	*25*	75,060	65,657	170,777	380,901
		221,953	324,459	582,229	1,039,267
Current Liabilities					
Trade payables, other payables and accruals	*27*	68,776	189,839	205,579	298,312
Borrowings	*28*	70,006	97,172	180,082	206,000
Lease liabilities	*30*	4,867	59,885	276,823	397,298
Contract liabilities	*31*	26,598	195,362	126,134	47,081
Deferred income	*38*	–	3,145	–	–
Income tax payables		–	128	61	–
Financial liabilities at FVTPL	*29*	4,328	28,030	1,678,493	–
		174,575	573,561	2,467,172	948,691
Net Current Assets/(Liabilities)		47,378	(249,102)	(1,884,943)	90,576
Total Assets less Current Liabilities		99,197	6,178	(857,021)	1,683,167

	NOTES	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Liabilities					
Borrowings	*28*	–	3,000	–	–
Lease liabilities	*30*	6,814	127,132	680,540	1,082,736
Financial liabilities at FVTPL	*29*	858,283	1,101,604	13,673	3,244,811
		865,097	1,231,736	694,213	4,327,547
Net Liabilities		(765,900)	(1,225,558)	(1,551,234)	(2,644,380)
Capital and Reserves					
Paid-in capital/Share capital	*33*	35,781	35,781	48,847	53,732
Reserves		(801,681)	(1,261,339)	(1,600,081)	(2,698,112)
Total Deficit		(765,900)	(1,225,558)	(1,551,234)	(2,644,380)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets					
Interests in subsidiaries	*45*	70,000	71,000	71,000	71,519
Property, plant and equipment	*16*	18,566	31,183	25,787	35,929
Right-of-use assets	*17*	10,991	31,262	445,532	1,012,020
Other intangible assets	*18*	7,229	6,387	5,545	5,124
Interest in an associate	*19*	3,748	3,432	7,579	7,254
Equity instruments at FVTOCI	*20*	–	5,695	–	–
Financial assets at FVTPL	*21*	–	–	5,000	8,000
Other receivables and prepayments	*24*	11,174	21,139	23,939	22,708
Contract assets	*22*	–	5,093	43,803	57,269
		121,708	175,191	628,185	1,219,823
Current Assets					
Inventories	*23*	32,305	3,366	3,364	3,408
Trade receivables, other receivables, prepayments and other assets	*24*	179,037	203,192	488,100	737,731
Contract assets	*22*	–	209	55,165	69,630
Contract costs	*26*	11,340	178,646	4,410	5,433
Restricted bank deposits	*25*	–	139	–	1,866
Cash and cash equivalents	*25*	70,300	65,466	145,417	335,806
		292,982	451,018	696,456	1,153,874
Current Liabilities					
Trade payables, other payables and accruals	*27*	153,187	289,301	281,304	343,084
Borrowings	*28*	70,006	97,172	180,082	206,000
Lease liabilities	*30*	4,856	9,200	109,677	224,707
Contract liabilities	*31*	24,658	194,641	124,756	45,493
Deferred income	*38*	–	3,145	–	–
Financial liabilities at FVTPL	*29*	4,328	28,030	1,678,493	–
		257,035	621,489	2,374,312	819,284
Net Current Assets/(Liabilities)		35,947	(170,471)	(1,677,856)	334,590
Total Assets less Current Liabilities		157,655	4,720	(1,049,671)	1,554,413

	NOTES	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Liabilities					
Borrowings	*28*	–	3,000	–	–
Lease liabilities	*30*	6,746	21,594	346,552	793,419
Financial liabilities at FVTPL	*29*	858,283	1,101,604	13,673	3,244,811
		865,029	1,126,198	360,225	4,038,230
Net Liabilities		(707,374)	(1,121,478)	(1,409,896)	(2,483,817)
Capital and Reserves					
Paid-in capital/Share capital	*33*	35,781	35,781	48,847	53,732
Reserves	*34*	(743,155)	(1,157,259)	(1,458,743)	(2,537,549)
Total Deficit		(707,374)	(1,121,478)	(1,409,896)	(2,483,817)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory reserve	FVTOCI reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	30,652	(20,685)	4,189	–	–	(386,052)	(371,896)
Loss and total comprehensive expense for the year	–	–	–	–	–	–	(394,208)	(394,208)
Issue of paid-in capital with preferred rights *(Note 33)*	–	5,129	(5,129)	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	204	–	–	–	204
Appropriations to statutory surplus reserve	–	–	–	–	77	–	(77)	–
At December 31, 2023	–	35,781	(25,814)	4,393	77	–	(780,337)	(765,900)
Loss for the year	–	–	–	–	–	–	(458,410)	(458,410)
Fair value loss of equity instruments at FVTOCI	–	–	–	–	–	(1,430)	–	(1,430)
Total comprehensive expense for the year	–	–	–	–	–	(1,430)	(458,410)	(459,840)
Recognition of equity-settled share-based payments	–	–	–	182	–	–	–	182
Appropriations to statutory surplus reserve	–	–	–	–	70	–	(70)	–
At December 31, 2024	–	35,781	(25,814)	4,575	147	(1,430)	(1,238,817)	(1,225,558)
Loss for the year	–	–	–	–	–	–	(335,597)	(335,597)
Fair value gain of equity instruments at FVTOCI	–	–	–	–	–	1,790	–	1,790
Total comprehensive income/(expense) for the year	–	–	–	–	–	1,790	(335,597)	(333,807)
Disposal of equity instruments at FVTOCI	–	–	–	–	–	(360)	360	–
Issue of paid-in capital *(Note 33)*	–	7,377	–	–	–	–	–	7,377
Issue of paid-in capital with preferred rights *(Note 33)*	–	5,689	(5,689)	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	754	–	–	–	754

	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory reserve	FVTOCI reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025	–	48,847	(31,503)	5,329	147	–	(1,574,054)	(1,551,234)
Loss and total comprehensive expense for the period	–	–	–	–	–	–	(1,094,878)	(1,094,878)
Conversion into a joint stock limited liability company *(Note i)*	48,847	(48,847)	(1,513,276)	(3,803)	–	–	1,517,079	–
Issue of shares with preferred rights *(Note 33)*	4,885	–	(4,885)	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	1,732	–	–	–	1,732
At June 30, 2026	53,732	–	(1,549,664)	3,258	147	–	(1,151,853)	(2,644,380)
(Unaudited)								
At January 1, 2025	–	35,781	(25,814)	4,575	147	(1,430)	(1,238,817)	(1,225,558)
Loss for the period	–	–	–	–	–	–	(238,173)	(238,173)
Fair value gain of equity instruments at FVTOCI	–	–	–	–	–	1,790	–	1,790
Total comprehensive income/(expense) for the period	–	–	–	–	–	1,790	(238,173)	(236,383)
Recognition of equity-settled share-based payments	–	–	–	66	–	–	–	66
Issue of paid-in capital with preferred rights	–	1,649	(1,649)	–	–	–	–	–
At June 30, 2025	–	37,430	(27,463)	4,641	147	360	(1,476,990)	(1,461,875)

Note i: On February 12, 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the People's Republic of China (the "**PRC**"). The net assets of the Company as at the conversion date were converted into 48,846,910 shares at par value of RMB1 each. The excess of net assets converted over nominal value of the shares was credited to the capital reserve.

Note ii: According to the PRC Company Law, the Company and its PRC subsidiaries are required to appropriate 10% of their respective net profit (after offsetting accumulated losses from prior years), calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilized, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
OPERATING ACTIVITIES					
Loss before tax	(394,208)	(458,189)	(335,526)	(238,169)	(1,094,755)
Adjustments for:					
Finance costs	3,011	9,777	42,922	18,004	35,242
Interest income	(590)	(422)	(289)	(188)	(363)
Loss/(gain) on disposal of property, plant and equipment	828	(4)	(18)	(4)	(13)
Share of results of an associate	2	316	(397)	122	325
Recognition of equity-settled share-based payments	204	182	754	66	1,732
Gain on disposal of a subsidiary	(15)	–	–	–	–
Loss on early termination of leases	–	–	501	436	–
Changes in fair value of financial liabilities at FVTPL	199,664	252,023	239,532	178,190	1,067,753
Depreciation of property, plant and equipment	2,231	4,130	9,684	3,901	8,589
Depreciation of right-of-use assets	1,775	27,167	170,752	65,963	136,439
Amortization of other intangible assets	842	842	842	421	421
Impairment losses (including reversals of impairment losses) on financial assets and other items	153	4,462	10,175	3,013	11,166
Impairment losses on contract costs	1,057	73	–	–	–
Operating cash flows before movements in working capital	(185,046)	(159,643)	138,932	31,755	166,536
(Increase)/decrease in inventories	(32,305)	28,939	2	2	(347)
(Increase)/decrease in contract costs	(8,624)	(167,388)	174,426	171,745	(705)
Increase in contract assets	–	(5,593)	(98,606)	(7,126)	(29,430)
(Increase)/decrease in restricted deposits	–	(139)	139	139	(1,866)
(Increase)/decrease in trade receivables, other receivables, prepayments and other assets	(27,465)	22,835	(290,189)	(19,951)	(233,039)
(Decrease)/increase in trade payables, other payables and accruals	(7,282)	70,730	65,380	(43,401)	91,593
Increase/(decrease) in deferred income	–	3,145	(3,145)	(2,556)	–
Increase/(decrease) in contract liabilities	9,494	168,764	(69,228)	(180,877)	(79,053)
Cash used in operations	(251,228)	(38,350)	(82,289)	(50,270)	(86,311)
Income taxes paid	–	(93)	(138)	(132)	(184)
NET CASH USED IN OPERATING ACTIVITIES	(251,228)	(38,443)	(82,427)	(50,402)	(86,495)

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
INVESTING ACTIVITIES					
Interest received	570	342	181	135	213
Purchase of property, plant and equipment	(26,922)	(13,142)	(39,559)	(3,110)	(13,726)
Proceeds from disposals of property, plant and equipment	19	6	45	16	27
Payments of rental deposits	(1,497)	(7,049)	–	–	–
Payment for financial assets at FVTPL	–	–	(5,000)	–	(3,000)
Payment for equity instruments at FVTOCI	–	(7,125)	–	–	–
Proceeds from disposal of equity instruments at FVTOCI	–	–	7,485	–	–
Acquisition of investment in an associate	(3,750)	–	(3,750)	(3,750)	–
Prepayment for investment in a private fund	–	(13,000)	–	–	–
Refund of prepayment for investment in a private fund	–	–	13,000	–	–
Loans to third parties	–	–	(1,800)	(1,800)	(5,000)
Proceeds from repayment of loan to a third party	–	–	–	–	1,800
NET CASH USED IN INVESTING ACTIVITIES	(31,580)	(39,968)	(29,398)	(8,509)	(19,686)
FINANCING ACTIVITIES					
New bank borrowings raised	79,958	120,161	175,082	76,000	116,000
Repayments of bank borrowings	(69,972)	(89,995)	(95,172)	(68,000)	(90,082)
New borrowings raised from a third-party	–	36,100	–	–	–
Repayments of borrowings from third parties	(417)	(36,100)	–	–	–
New borrowings raised from a shareholder	–	50,000	–	–	–
Repayments of borrowings from a shareholder	–	–	(50,000)	–	–
Repayments of lease liabilities	(1,027)	(16,714)	(99,681)	(39,972)	(157,543)
Proceeds from issue of paid-in capital/ordinary shares with preferred rights	265,445	–	323,000	90,000	500,000
Proceeds from issue of convertible loan notes	–	15,000	–	–	–
Repayments of convertible loan notes	–	–	–	–	(15,108)
Proceeds from issue of paid-in capital without preferred rights	–	–	7,377	–	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Interest paid	(2,941)	(9,444)	(43,255)	(19,285)	(35,242)
NET CASH FROM FINANCING ACTIVITIES	271,046	69,008	216,945	38,743	316,305
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(11,762)	(9,403)	105,120	(20,168)	210,124
Cash and cash equivalents at beginning of year/period	86,822	75,060	65,657	65,657	170,777
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	75,060	65,657	170,777	45,489	380,901

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established and registered in the PRC on February 26, 2013 as a limited liability company and was converted into a joint stock limited company on February 12, 2026. The principal place of business and registered office of the Company is located at 6th and 8th Floors, Tower C, Building 1, Heying Center, No. 10 Xiaoying West Road, Haidian District, Beijing, PRC.

During the Track Record Period, the Company and its subsidiaries were principally engaged in artificial intelligence computing infrastructure solutions ("**AI computing infrastructure solutions**"), artificial intelligence computing cloud services ("**AI computing cloud services**") and artificial intelligence foundation software ("**AIFS**") services.

The Historical Financial Information is presented in the currency of Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS accounting standards. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Companies Ordinance.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. The financial statements for the years ended December 31, 2023 and 2024 were audited by Beijing Dongshen Certified Public Accountants (Special General Partnership), and the financial statements for year ended December 31, 2025 were audited by Pan-China Certified Public Accountants LLP Beijing Branch.

As at June 30, 2026, the Group had net liabilities of RMB2,644,380,000. Historically, the Group has relied principally on financing from investors (e.g. issue of paid-in capital/ordinary shares with preferred rights and convertible loan notes) as well as borrowings to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenue while controlling operating expenses, as well as generating operational cash flows and continuing to gain support from investors and banks.

Based on the above considerations, the Group's historical performance and management's operating and financing plans, the Group has performed a working capital forecast for the next twelve months. Taking into account that the ordinary shares with preferred rights are not expected to be redeemed in the next twelve months from the end of the reporting period and the financial resources available to the Group, including cash and cash equivalents on hand, operating and financing cash flows, the directors of the Company believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the end of the reporting period. The directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with the IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2026 throughout the Track Record Period.

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Venture[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2027.
[3] Effective for annual periods beginning on or after January 1, 2029.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and a credit risk adjustment based on bond yields.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Share-based awards to the Group's employees are granted under share incentive plans. The Company grants share options to the Group's eligible director and employees, which are recorded in share-based payments reserve in the Group's consolidated statements of changes in equity.

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Modification to the terms and conditions of the share-based payment arrangements

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to accumulated losses. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will continue to be held in share-based payments reserve.

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable loss for the year/period. Taxable loss differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable loss. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable loss will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable loss nor the accounting loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable loss against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable loss will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable loss will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied on the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Other than the construction in progress as described below, property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are referred to as hardware devices. Hardware devices are stated at the lower of cost and net realizable value. Costs of hardware devices are determined on a first-in, first-out method. Net realizable value represents the estimated selling price for hardware devices less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Contract costs

The Group incurs costs to fulfill a contract in its AI computing infrastructure solutions and AIFS services revenue stream. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognizes an asset for these costs only if they meet all of the following criteria:

a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

c) the costs are expected to be recovered.

The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to accumulated losses.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets and other items (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade and bill receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The forward-looking information considered encompasses the future prospects of the industries in which the Group's debtors operate, which are derived from sources such as economic expert reports, analyses from financial institutions, government-issued data, relevant research institutes and other similar bodies. Additionally, the Group takes into account a range of external sources of actual and forecast economic information that relate directly to the Group's core business operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is regarded as having low credit risk when (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions may, but will not necessarily, reduce the borrower's ability to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event; or

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets is considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, bill receivables, contract assets and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial instruments issued to investors

Financial instruments issued to investors consist of paid-in capital/ordinary shares with preferred rights, warrants for purchase of paid-in capital/ordinary shares with preferred rights ("**Warrants**") and convertible loan notes.

(a) Paid-in capital/ordinary shares with preferred rights

During the Track Record Period and as of the date of this report, the Group entered into a series of share purchase agreements with financial investors and issued various series of paid-in capital/ordinary shares with preferred rights (Note 29). The Group designated paid-in capital/ordinary shares with preferred rights as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value. The changes in the fair value of the financial liabilities related to changes in own credit risk shall be presented in other comprehensive income, and the remaining amount of changes in the fair value of the liabilities shall be presented in profit or loss. Amounts recorded in other comprehensive income related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realized.

Paid-in capital/ordinary shares with preferred rights are classified as current liabilities unless the Group has the unconditional right to defer the redemption of the paid-in capital/ordinary shares with preferred rights for at least 12 months after the end of the reporting period.

(b) Warrants

During the Track Record Period, the Company issued various Warrants to investors to subscribe for certain series of the Company's paid-in capital/ordinary shares with preferred rights at a predetermined price during a specific period (Note 29). As the paid-in capital/ordinary shares with preferred rights which the Warrants are exercisable into are financial liabilities, the Warrants are not contracts that will or may be settled in the entity's own equity instruments and are accounted for as derivatives. Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

The Warrants are classified as current liabilities unless the Group has the unconditional right to defer the settlement of the Warrants for at least 12 months after the end of the reporting period.

(c) Convertible loan notes

During the Track Record Period, the Company issued convertible loan notes (Note 29) to certain investors, which can be converted into paid-in capital at any time between the date of issue of the notes and end of the 48-month loan period. The debt-to-equity conversion clause grants the investors the option to convert debt into equity upon the satisfaction of specific trigger conditions, which are linked to external valuation metrics. This significantly impacts the contractual cash flow characteristics. As this clause results in an uncontrollable settlement method, exposes cash flows to substantial volatility risks, fails to meet the "fixed-for-fixed" criteria for equity instrument recognition, and involves a complex transaction structure, it does not fall under circumstances that are clearly exempt from bifurcation. As a result, the Group has elected to designate the convertible loan notes as financial liabilities at FVTPL.

Convertible loan notes are classified as current liabilities unless the Group has the unconditional right to defer the settlement of the convertible loan notes for at least 12 months after the reporting period.

Financial liabilities at amortized cost

Financial liabilities including borrowings, trade payables and other payables are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the Group's financial position and results of operation are addressed below:

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Determination of distinct contractual performance obligations under integrated AI computing infrastructure solution contracts

The Group's integrated AI computing infrastructure solution contracts typically encompass a comprehensive range of goods and services, including solution design, the delivery of hardware and core software, and implementation service. For these integrated solutions, the Group evaluates whether the sale of hardware, software, and provision of associated services – individually or in combination – represent distinct performance obligations by assessing, among other factors, the nature of each good and service promised to provide under the contracts, as well as the specific terms and conditions stipulated in the contracts.

The AI computing infrastructure solution provided by the Group converts fragmented hardware into coherent, AI-ready facilities calibrated for the specific workload profiles of each customer. By combining the Group's full-stack hardware engineering capabilities with the deployment of the Group's software, the Group transformed raw physical servers into a unified, production-ready environment optimized for AI workloads. This integrated solution is an overall output specified by and required to be delivered to the customer under the contract. The customer primarily derives value from the artificial intelligence data centers ("**AIDCs**") upon acceptance of the completed solution, rather than from the standalone use of individual components.

Accordingly, the Group concludes that under the integrated AI computing infrastructure solution contract, it provides a significant service of integrating the hardware, software and services promised into a combined output specified by the customer that cannot be distinctly segregated. As such, the goods and services promised in these contracts are accounted for as a single performance obligation. Significant judgement is required in determining the distinct performance obligations under integrated AI computing infrastructure solution contracts.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes

The Group has issued a series of paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes prior to and during the Track Record Period as set out in Note 29. The Group recorded these financial instruments as financial liabilities at FVTPL for which no quoted prices in an active market exist. The fair value of the financial instruments is determined using appropriate valuation techniques based on the characteristics of each instrument. The back-solved method and discounted cash flow method were used to determine the total equity value of the Company, and the equity allocation model and binomial option-pricing model method were adopted to determine the fair value of the financial instruments. These models incorporate various inputs and management estimates, and are applied at each reporting date to determine the fair value of the respective financial instruments. Valuation techniques adopted by an independent qualified professional valuer are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as fair value of the paid-in capital and paid-in capital/ordinary shares with preferred rights of the Company as assessed by the directors of the Company and other inputs, such as risk-free interest rate, expected volatility and discount for lack of marketability ("**DLOM**"), require management estimates. In addition, the possibilities under different scenarios, such as **[REDACTED]**, redemption and liquidation, related specifically to the valuation of paid-in capital/ordinary shares with preferred rights also involves management estimates. The estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair values and valuation method of paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes of the Group at December 31, 2023, 2024, 2025 and June 30, 2026 are set out in Note 29.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revised the estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Further details are included in Note 35.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or service					
AI computing infrastructure solutions	24,938	333,963	1,001,958	269,449	434,046
AI computing cloud services	–	196	77,614	29,605	153,839
AIFS services	81,294	61,346	18,583	7,363	498
Total	**106,232**	**395,505**	**1,098,155**	**306,417**	**588,383**
Timing of revenue recognition					
At a point in time	86,879	389,872	1,019,820	276,602	434,559
Over time	19,353	5,633	78,335	29,815	153,824
Total	**106,232**	**395,505**	**1,098,155**	**306,417**	**588,383**

The Group recognizes revenue from the following major sources:

(a) AI computing infrastructure solutions

The Group specializes in integrated AI computing infrastructure solutions for enterprises and institutions to support their development of AIDCs with a designated scale of computing power, which typically encompass solution design, the delivery of hardware and core software, and implementation service. The multiple promises agreed in these full-stack computing infrastructure services contracts are highly integrated within the context of the contract and should be accounted for as a single performance obligation. Revenue from these integrated AI computing infrastructure solutions is recognized at a point in time, upon the customer signs off the acceptance report when the customer obtains control of the completed solution. Full-stack computing infrastructure solution typically involves milestone payments: an initial advance payment upon contract signing, progress instalments, and payments upon project acceptances.

Furthermore, the Group provides non-integrated service for the delivery of software or hardware related to computing infrastructure, offering greater flexibility to clients. For such non-integrated AI computing infrastructure solutions, the Group determined whether it is a principal or an agent based on whether it has control over the goods or services before transferring them to the customer. If the Group controls the goods or services before transferring them to the customer, it is considered as the principal and recognizes revenue at the amount of the total consideration received or receivable. Otherwise, the Group is considered as an agent and recognizes revenue at the amount of the commission or fee it expects to be entitled to, which is determined as the net amount of the total consideration received or receivable after deducting the amount payable to its supplier. Revenue from non-integrated service is recognized at a point in time when the acceptance report is signed by customers.

The credit period granted to customers by the Group is determined based on their credit risk characteristics and is typically due within one to three months.

(b) AI computing cloud services

The Group's AI computing cloud services provide elastic and accessible artificial intelligence computing services to customers by offering computing power packages that integrate computing, storage, networking, and software resources. These AI computing cloud services are mainly charged on either a subscription basis through the Dedicated Kubernetes Service ("**DKS**") or consumption basis through the Virtual Kubernetes Service ("**VKS**"). Revenue from DKS contracts is recognized ratably over the contract period. Revenue from VKS contracts is recognized based on the customer's actual utilization of the resources. Both models require prepayments: under the DKS model, one month's fee is typically prepaid, while under the VKS model, the customers are required to top up their accounts before the activation of the service and recharge the accounts once the balance is depleted.

(c) AIFS services

AIFS services are software solutions provided by the Group to clients in industries such as financial services, telecommunications, transportation, and energy. These solutions comprise two primary categories: (i) software development service for the delivery of customized software upon completion of development. Under this service, the revenue is recognized at a point in time upon the customer's final acceptance of the software and, (ii) software development service conducted in the development environment controlled by the customers. To provide this type of service, the Group continuously communicates the development progress with customers and follow the customers' requests on adjustments of the development plan during the process. In this scenario, the Group's software development service creates or enhances the software that customers control, and the Group recognizes the revenue over time accordingly.

AIFS service for delivery of customized software upon completion of development typically involves multiple payment milestones covering the initial stage, progress instalments and the final acceptance stage. While the AIFS services provided in the development environment controlled by the customers are charged at hourly rates based on actual working hours, and settled regularly on a monthly or quarterly basis. Credit terms are typically one to three months, determined based on customer's credit risk.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the service contracts with customers of the Group are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Segment information

The chief executive officer ("**CEO**") of the Company, being the chief operating decision makers, reviews the consolidated financial results for the purpose of resource allocation and performance assessment of the Group as a whole. As a result, the Group operates as a single operating and reportable segment, and no further segmental analysis is presented.

Geographical markets

No geographic information is presented as the revenue, non-current assets and operations of the Group are mainly derived from its activities in Chinese Mainland.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A[1]	22,796	–	–	–	–
Customer B[2]	13,004	–	–	–	–
Customer C[1]	–	172,331	–	–	–
Customer D[1]	–	81,844	–	–	–
Customer E[1]	–	–	527,442	–	–
Customer F[1]	–	–	230,892	230,892	–
Customer G[1]	–	–	–	–	172,742
Customer H[1]	–	–	–	–	155,452
Customer I[1]	–	–	–	–	105,852

[1] Revenue from AI computing infrastructure solutions.

[2] Revenue from AIFS services.

7. LOSS FOR THE YEAR/PERIOD

Loss for the year/period has been arrived at after charging:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	2,231	4,130	9,684	3,901	8,589
Depreciation of right-of-use assets	1,775	27,167	170,752	65,963	136,439
Amortization of other intangible assets	842	842	842	421	421
Total depreciation and amortization	4,848	32,139	181,278	70,285	145,449
Cost of inventories and contract costs recognized as an expense (including write-down of contract costs)	47,513	316,449	760,506	193,227	279,851
Directors' and supervisors' remuneration *(Note 11)*	6,150	5,610	6,263	2,830	2,503
Staff costs (excluding Directors' and Supervisors' remuneration):					
Salaries and allowances	161,263	140,986	129,915	60,828	69,422
Retirement benefits	14,530	13,308	13,376	6,614	6,490
Performance related bonuses	4,917	8,346	2,235	734	2,803
Compensation for the loss of office	3,323	13,440	4,761	2,735	8,753
Share-based payments expenses	204	182	449	66	1,591
Total employee expenses	190,387	181,872	156,999	73,807	91,562
Capitalized in contract costs	(16,743)	(16,129)	(10,905)	(8,100)	(1,726)
	173,644	165,743	146,094	65,707	89,836
Auditors' remuneration	406	501	226	41	80
Cloud computing power and other technical service fees	23,557	24,182	6,887	2,003	7,309

8. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Interest income on					
– bank deposits	570	342	181	135	213
– rental deposits	20	80	108	53	34
– loan to a third party	–	–	–	–	116
Government grants					
– directly recognized in profit or loss *(Note)*	1,492	1,641	9,516	2,807	6,254
– amortized from deferred income *(Note 38)*	–	1,278	3,145	2,556	–
Others	246	79	66	–	–
	2,328	3,420	13,016	5,551	6,617

Note: Government grants are primarily received from local governments, mainly comprising employment subsidies, incentives for innovation activities, immediate collection and refund of value-added tax and individual income tax handling fee rebates. All items recognized in profit or loss meet the relevant criteria, without unfulfilled conditions.

9. FINANCE COSTS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank borrowings	2,643	3,807	4,098	1,864	2,781
Interest on lease liabilities	363	5,144	35,876	14,140	32,461
Interest on loan from a shareholder	–	333	2,948	2,000	–
Interest on amounts due to third parties	5	493	–	–	–
	3,011	9,777	42,922	18,004	35,242

10. INCOME TAX EXPENSE

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax	–	221	71	4	123
	–	221	71	4	123

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Income tax rates of the Company and its major subsidiaries are as follows:

Chinese Mainland

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese Mainland are subject to income tax at a rate of 25% on the taxable income, except for:

(i) The Company benefits from a preferential tax rate of 15% under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》, the "**EIT Law**") if it qualifies as a "High and New Technology Enterprise" strongly supported by the state. A "High and New Technology Enterprise" certificate is effective for a period of three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the new HNTE status. The Company was qualified as a High-New Technology Enterprises ("**HNTE**") since December 22, 2016 and was subject to a preferential income tax rate of 15% until October 28, 2028 after the approval of the extension of its HNTE status on October 28, 2025.

(ii) According to relevant laws and regulations in the PRC that were effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The State Taxation Administration of the PRC announced that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018 to December 31, 2023. In September 2022 and March 2023, the State Taxation Administration of the PRC announced that for the enterprises entitled to the current weighted pre-tax deduction ratio of 175% for research and development expenses, such ratio is raised to 200% since October 1, 2022.

Singapore

Under the Partial Tax Exemption regime of Singapore Corporate Income Tax, 75% exemption shall be granted on the first 10,000 Singapore Dollars ("**SG$**") of chargeable profits of a qualifying company, 50% exemption on the next SG$190,000 of chargeable profits, and any profits exceeding SG$200,000 shall be taxed at the standard tax rate of 17%.

The tax charge for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(394,208)	(458,189)	(335,526)	(238,169)	(1,094,755)
Tax at the statutory tax rate of 25%	(98,552)	(114,547)	(83,882)	(59,542)	(273,689)
Tax effect of share of results of an associate	–	79	(99)	31	81
Tax effect of expenses not deductible for tax purpose *(Note)*	50,473	64,530	60,563	45,259	267,392
Tax effect of Super Deduction for research and development expenses	(10,947)	(13,782)	(13,798)	(4,811)	(8,238)
Tax effect of tax losses and deductible temporary differences not recognized	59,412	64,314	39,877	19,122	17,540
Tax effect of utilization of tax losses and deductible temporary differences previously not recognized	(384)	(356)	(2,348)	–	(2,963)
Effect of preferential tax rates and different tax rates of subsidiaries operating in other jurisdictions	(2)	(17)	(242)	(55)	–
Income tax expense	–	221	71	4	123

Note: Non-deductible expenses mainly arise from the changes in the fair value of financial liabilities at FVTPL and share-based payments expenses.

11. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments paid or payable to the directors, supervisors and CEO of the Company by the Group during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Companies Ordinance, are as follows:

The remuneration of directors, supervisors and CEO is set out below:

Year ended December 31, 2023

	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefits	Share-based payments expenses	Compensation for the loss of office	Total
	RMB'000	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:							
Dr. Fang Lei (CEO)	–	1,035	397	63	–	–	1,495
Mr. Shang Mingdong	–	1,035	397	63	–	–	1,495
Non-executive directors: *(Note i)*							
Dr. Jiao Yueguang	–	647	–	63	–	–	710
Mr. Liu Lan[xii]	–	–	–	–	–	–	–
Mr. Jiang Chihua	–	–	–	–	–	–	–
Mr. Wang Kun[viii]	–	–	–	–	–	–	–
Ms. Huang Yue[ix]	–	–	–	–	–	–	–
Mr. Jiang Zhengyan[xi]	–	692	660	63	–	–	1,415
Independent non-executive director:							
Dr. Zhang Changshui[iii]	–	–	–	–	–	–	–
Supervisors: *(Note i)*							
Mr. Wang Zhe[xiii]	–	766	206	63	–	–	1,035
Ms. Feng Xue[xiv]	–	–	–	–	–	–	–
Mr. Jia Zhenzhao[x]	–	–	–	–	–	–	–
	–	**4,175**	**1,660**	**315**	**–**	–	**6,150**

Year ended December 31, 2024

	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefits	Share-based payments expenses	Compensation for the loss of office	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:							
Dr. Fang Lei (CEO)	–	1,026	200	66	–	–	1,292
Mr. Shang Mingdong	–	1,026	200	66	–	–	1,292
Non-executive directors: *(Note i)*							
Dr. Jiao Yueguang	–	659	31	66	–	–	756
Mr. Liu Lan[xii]	–	–	–	–	–	–	–
Mr. Jiang Chihua	–	–	–	–	–	–	–
Mr. Wang Kun[viii]	–	–	–	–	–	–	–
Ms. Huang Yue[ix]	–	–	–	–	–	–	–
Mr. Jiang Zhengyan[xi]	–	174	660	16	–	500	1,350
Mr. Fang Yan[iv]	–	54	–	6	–	–	60
Independent non-executive director:							
Dr. Zhang Changshui[iii]	–	–	–	–	–	–	–
Supervisors: *(Note i)*							
Mr. Wang Zhe[xiii]	–	726	–	67	–	–	793
Ms. Feng Xue[xiv]	–	–	–	–	–	–	–
Mr. Zhang Xiaolin[vii]	–	61	–	6	–	–	67
Mr. Jia Zhenzhao[x]	–	–	–	–	–	–	–
	–	**3,726**	**1,091**	**293**	**–**	**500**	**5,610**

Year ended December 31, 2025

	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefits	Share-based payments expenses	Compensation for the loss of office	Total
	RMB'000	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:							
Dr. Fang Lei (CEO)	–	1,048	–	68	–	–	1,116
Mr. Shang Mingdong	–	1,048	–	68	–	–	1,116
Non-executive directors: *(Note i)*							
Dr. Jiao Yueguang	–	671	–	68	–	–	739
Mr. Liu Lan[xii]	–	–	–	–	–	–	–
Mr. Wang Kun[viii]	–	–	–	–	–	–	–
Ms. Huang Yue[ix]	–	–	–	–	–	–	–
Mr. Jiang Chihua	–	–	–	–	–	–	–
Mr. Fang Yan[iv]	–	1,054	–	68	–	–	1,122
Mr. Ha Anji[v]	–	–	–	–	–	–	–
Mr. Huang Yiming[vi]	–	–	–	–	–	–	–
Independent non-executive director:							
Dr. Zhang Changshui[iii]	–	–	–	–	–	–	–
Supervisors: *(Note i)*							
Mr. Wang Zhe[xiii]	–	732	281	68	305	–	1,386
Ms. Feng Xue[xiv]	–	–	–	–	–	–	–
Mr. Zhang Xiaolin[vii]	–	716	–	68	–	–	784
	–	**5,269**	**281**	**408**	**305**	**–**	**6,263**

Six months ended June 30, 2025 (unaudited)

	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefits	Share-based payments expenses	Compensation for the loss of office	Total
	RMB'000	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:							
Dr. Fang Lei (CEO)	–	524	–	34	–	–	558
Mr. Shang Mingdong	–	524	–	34	–	–	558
Non-executive directors: *(Note i)*							
Dr. Jiao Yueguang	–	324	–	34	–	–	358
Mr. Liu Lan[xii]	–	–	–	–	–	–	–
Mr. Wang Kun[viii]	–	–	–	–	–	–	–
Ms. Huang Yue[ix]	–	–	–	–	–	–	–
Mr. Jiang Chihua	–	–	–	–	–	–	–
Mr. Fang Yan[iv]	–	528	–	34	–	–	562
Mr. Ha Anji[v]	–	–	–	–	–	–	–
Mr. Huang Yiming[vi]	–	–	–	–	–	–	–
Independent non-executive director:							
Dr. Zhang Changshui[iii]	–	–	–	–	–	–	–
Supervisors: *(Note i)*							
Mr. Wang Zhe[xiii]	–	369	–	34	–	–	403
Ms. Feng Xue[xiv]	–	–	–	–	–	–	–
Mr. Zhang Xiaolin[vii]	–	357	–	34	–	–	391
	–	**2,626**	**–**	**204**	**–**	**–**	**2,830**

Six months ended June 30, 2026

	Directors' fee	Salaries and allowances	Performance related bonuses	Retirement benefits	Share-based payments expenses	Compensation for the loss of office	Total
	RMB'000	*RMB'000*	*RMB'000 (Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:							
Dr. Fang Lei (CEO)	–	584	–	34	–	–	618
Mr. Shang Mingdong	–	585	–	34	–	–	619
Non-executive directors: *(Note i)*							
Dr. Jiao Yueguang	–	366	–	34	–	–	400
Mr. Liu Lan[xii]	–	–	–	–	–	–	–
Mr. Jiang Chihua	–	–	–	–	–	–	–
Mr. Fang Yan[iv]	–	502	50	34	–	–	586
Mr. Ha Anji[v]	–	–	–	–	–	–	–
Mr. Huang Yiming[vi]	–	–	–	–	–	–	–
Mr. Zhang Xuesi[xvi]	–	–	–	–	–	–	–
Independent non-executive director:							
Dr. Zhang Changshui[iii]	–	–	–	–	–	–	–
Supervisors: *(Note i)*							
Mr. Wang Zhe[xiii]	–	67	–	6	141	–	214
Ms. Feng Xue[xiv]	–	–	–	–	–	–	–
Mr. Zhang Xiaolin[vii]	–	60	–	6	–	–	66
	–	**2,164**	**50**	**148**	**141**	**–**	**2,503**

Note i: Certain Non-executive directors (NEDs) and supervisors did not receive remuneration from the Group because they were appointed as nominees of the Group's major shareholders or holders of paid-in capital/ordinary shares with preferred rights. Their remunerations were borne by the entities that appoint him/her as a NED or a supervisor, instead of the Group. Pursuant to the shareholder resolution dated February 2, 2026, the board of supervisors of the Company was replaced by audit committee, which shall exercise the powers of the board of supervisors as stipulated in the Company Law of PRC.

Note ii: Performance related bonuses given to directors, supervisors and CEO are discretionary and are determined by reference to the Group's and the individuals' performance.

Note iii: Appointed as an independent non-executive director (INED) of the Company on September 28, 2023.

Note iv: Appointed as a NED of the Company on December 9, 2024 and as an executive director on September 23, 2026 with effect since the **[REDACTED]** of the Company's shares on the Stock Exchange of Hong Kong Limited.

Note v: Appointed as a NED of the Company on September 16, 2025 and resigned as a NED of the Company on September 23, 2026.

Note vi: Appointed as a NED of the Company on September 16, 2025.

Note vii: Appointed as a supervisor of the Company on December 9, 2024 and resigned as a supervisor of the Company on February 2, 2026.

Note viii: Resigned as a NED of the Company on September 16, 2025.

Note ix: Resigned as a NED of the Company on September 16, 2025.

Note x: Resigned as a supervisor of the Company on December 9, 2024.

Note xi: Resigned as a NED of the Company on December 9, 2024.

Note xii: Resigned as a NED of the Company on February 2, 2026.

Note xiii: Resigned as a supervisor of the Company on February 2, 2026.

Note xiv: Resigned as a supervisor of the Company on February 2, 2026.

Note xv: Prof. Meng Rujing and Dr. Xu Qinghong were appointed as INEDs of the Company on September 23, 2026 effectively immediately.

Note xvi: Appointed as a NED of the Company on February 2, 2026 and resigned as a NED of the Company on September 23, 2026.

During the Track Record Period, no emoluments were paid by the Group to any Director or Supervisor as an inducement to join or upon joining the Group. None of the Directors or Supervisors waived or agreed to waive any emoluments during the Track Record Period.

Except for directors, supervisors and CEO disclosed above, there is no other benefits offered to the other directors, supervisors and CEO. Except for the termination benefit paid during the year ended December 31, 2024 in connection with the resignation of a director, no other directors', supervisors' and CEO's termination benefit subsisted at the end of each year or at any time during the Track Record Period. No consideration provided to third parties for making available directors', supervisors' and CEO's services subsisted at the end of each year/period or at any time during the Track Record Period. No other loans, quasi-loans and other dealings in favor of directors, CEO, their controlled bodies corporate and connected entities subsisted at the end of each year/period or at any time during the Track Record Period. No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director, supervisor or CEO of the Company had a material interest, whether directly or indirectly, subsisted at the end of each year/period or at any time during the Track Record Period.

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group include 3, 3, 1, 3 and 1 directors and supervisors for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026, respectively, whose emoluments are set out in Note 11. The emoluments of the remaining 2, 2, 4, 3* and 4 individuals who are neither a director nor a supervisor of the Company for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026, respectively, are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and allowances	2,416	3,060	5,982	2,395	2,711
Performance related bonuses	498	201	206	5	400
Retirement benefits	131	123	252	91	122
Share-based payments expenses	39	13	49	–	844
Total	**3,084**	**3,397**	**6,489**	**2,491**	**4,077**

* Among the five highest paid individuals for the six months ended June 30, 2025 (unaudited), two directors have the same amount of remuneration and are both ranked fifth. Accordingly, a total of six individuals are disclosed as the five highest paid individuals.

The number of highest paid individuals who are neither directors nor supervisors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	No. of employee	*No. of employee*	*No. of employee*	*No. of employee (unaudited)*	*No. of employee*
Emolument bands *(in HKD)*					
HKD500,001 to HKD1,000,000	–	–	–	2	2
HKD1,000,001 to HKD1,500,000	–	–	1	1	1
HKD1,500,001 to HKD2,000,000	2	2	2	–	1
HKD2,000,001 to HKD2,500,000	–	–	1	–	–
Total	**2**	**2**	**4**	**3**	**4**

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group. None of directors and employees waived or agreed to waive any emoluments during the Track Record Period.

13. DIVIDENDS

No dividend was declared or paid by the Company and its subsidiaries in respect of the Track Record Period, nor has any dividend been declared since the end of the Track Record Period.

14. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS AND OTHER ITEMS

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment (reversed)/losses recognized on:					
Trade receivables and bill receivables	(224)	3,378	5,199	2,659	10,649
Contract assets	–	291	4,940	366	1,499
Other receivables	377	793	36	(12)	(982)
	153	4,462	10,175	3,013	11,166

Details of impairment assessment for the Track Record Period are set out in Note 42.

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss for the year/period attributable to owners of the Company	(394,208)	(458,410)	(335,597)	(238,173)	(1,094,878)

	Year ended December 31,			Six months ended June 30,	
	2023	**2024**	**2025**	**2025**	**2026**
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Weighted average number of shares	45,668	45,668	52,811	45,668	119,436

The paid-in capital/ordinary shares with preferred rights were excluded from the denominator when calculating basic loss per share. Pursuant to the shareholders resolutions dated September 23, 2026, total shares of the Company will be subdivided on a one-for-ten basis immediately prior to the **[REDACTED]**, and the nominal value of each share of the Company will be changed from RMB1.00 to RMB0.1 each ("**Share Subdivision**"). For the purpose of calculating loss per share, the weighted average number of shares was calculated as if the conversion and Share Subdivision was completed on January 1, 2023.

The Company has four categories of dilutive potential paid-in capital/share capital: registered capital of the Company subscribed but unpaid by ordinary shareholders, paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes. As the Group incurred losses for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026, the dilutive potential paid-in capital/share capital were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026 are the same as basic loss per share of the respective year/period.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic equipment	Fixtures and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2023	8,545	229	2,016	–	10,790
Additions	2,266	–	203	14,917	17,386
Disposals	(225)	–	(2,016)	–	(2,241)
At December 31, 2023	10,586	229	203	14,917	25,935
Additions	5,036	49	3,973	12,526	21,584
Disposals	(3)	(3)	–	–	(6)
Transfer	16,377	–	–	(16,377)	–
At December 31, 2024	31,996	275	4,176	11,066	47,513
Additions	11,363	24	167	27,426	38,980
Disposals	(561)	–	–	–	(561)
Transfer	38,492	–	–	(38,492)	–
At December 31, 2025	81,290	299	4,343	–	85,932
Additions	8,957	3	716	5,310	14,986
Disposals	(611)	(102)	–	–	(713)
At June 30, 2026	89,636	200	5,059	5,310	100,205
DEPRECIATION					
At January 1, 2023	5,587	91	836	–	6,514
Provided for the year	1,852	15	364	–	2,231
Eliminated on disposals	(222)	–	(1,172)	–	(1,394)
At December 31, 2023	7,217	106	28	–	7,351
Provided for the year	2,631	22	1,477	–	4,130
Eliminated on disposals	(2)	(2)	–	–	(4)
At December 31, 2024	9,846	126	1,505	–	11,477
Provided for the year	7,910	115	1,659	–	9,684
Eliminated on disposals	(534)	–	–	–	(534)
At December 31, 2025	17,222	241	3,164	–	20,627
Provided for the period	7,621	10	958	–	8,589
Eliminated on disposals	(603)	(96)	–	–	(699)
At June 30, 2026	24,240	155	4,122	–	28,517
CARRYING VALUE					
At December 31, 2023	3,369	123	175	14,917	18,584
At December 31, 2024	22,150	149	2,671	11,066	36,036
At December 31, 2025	64,068	58	1,179	–	65,305
At June 30, 2026	65,396	45	937	5,310	71,688

The Company

	Electronic equipment	Fixtures and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2023	8,534	229	2,016	–	10,779
Additions	2,250	–	203	14,917	17,370
Disposals	(225)	–	(2,016)	–	(2,241)
At December 31, 2023	10,559	229	203	14,917	25,908
Additions	4,454	48	3,944	8,233	16,679
Disposals	(3)	(3)	–	–	(6)
Transfer	14,845	–	–	(14,845)	–
At December 31, 2024	29,855	274	4,147	8,305	42,581
Additions	1,233	13	–	1,380	2,626
Disposals	(557)	–	–	–	(557)
Transfer	9,685	–	–	(9,685)	–
At December 31, 2025	40,216	287	4,147	–	44,650
Additions	8,908	–	517	5,310	14,735
Disposals	(605)	(99)	–	–	(704)
At June 30, 2026	48,519	188	4,664	5,310	58,681
DEPRECIATION					
At January 1, 2023	5,585	91	836	–	6,512
Provided for the year	1,845	15	364	–	2,224
Eliminated on disposals	(222)	–	(1,172)	–	(1,394)
At December 31, 2023	7,208	106	28	–	7,342
Provided for the year	2,569	22	1,469	–	4,060
Eliminated on disposals	(2)	(2)	–	–	(4)
At December 31, 2024	9,775	126	1,497	–	11,398
Provided for the year	6,266	113	1,620	–	7,999
Eliminated on disposals	(534)	–	–	–	(534)
At December 31, 2025	15,507	239	3,117	–	18,863
Provided for the period	3,696	9	879	–	4,584
Eliminated on disposals	(601)	(94)	–	–	(695)
At June 30, 2026	18,602	154	3,996	–	22,752
CARRYING VALUE					
At December 31, 2023	3,351	123	175	14,917	18,566
At December 31, 2024	20,080	148	2,650	8,305	31,183
At December 31, 2025	24,709	48	1,030	–	25,787
At June 30, 2026	29,917	34	668	5,310	35,929

As at December 31, 2023 and 2024, no property, plant and equipment was under mortgage or not in use.

As at December 31, 2025 and June 30, 2026, certain electronic equipment held by a subsidiary of the Company with a carrying amount of RMB24,822,000 and RMB21,981,000, respectively, were pledged as collateral to secure the performance of AIDCs operated by the Group as required by the owner of these AIDCs. The pledge was required as part of the project's security arrangement, which also mandated the establishment of a dedicated subsidiary of the Group in Huangshan City, Anhui Province to operate the facility. The subsidiary was later established and pledged its electronic equipment as mentioned above. Despite the pledge, the assets remain in active use and are not impaired.

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following useful lives and rates per annum.

	Useful lives	Rates per annum
Electronic equipment	3–5 years	19%–32%
Fixtures and furniture	5 years	19%
Leasehold improvements	Over the shorter of the estimated useful life or the lease term	

17. RIGHT-OF-USE ASSETS

The Group

	Leased buildings	Leased AIDCs	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2023	–	–	–
Additions	12,859	–	12,859
At December 31, 2023	12,859	–	12,859
Additions	4,483	187,822	192,305
At December 31, 2024	17,342	187,822	205,164
Additions	2,007	871,253	873,260
Lease terminations	(4,167)	–	(4,167)
At December 31, 2025	15,182	1,059,075	1,074,257
Additions	2,670	677,544	680,214
At June 30, 2026	17,852	1,736,619	1,754,471
DEPRECIATION			
At January 1, 2023	–	–	–
Charged for the year	1,775	–	1,775
At December 31, 2023	1,775	–	1,775
Charged for the year	4,807	22,360	27,167
At December 31, 2024	6,582	22,360	28,942
Charged for the year	5,252	165,500	170,752
Eliminated on lease terminations	(868)	–	(868)

	Leased buildings	Leased AIDCs	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2025	10,966	187,860	198,826
Charged for the period	2,007	134,432	136,439
At June 30, 2026	12,973	322,292	335,265
CARRYING VALUES			
At December 31, 2023	11,084	–	11,084
At December 31, 2024	10,760	165,462	176,222
At December 31, 2025	4,216	871,215	875,431
At June 30, 2026	4,879	1,414,327	1,419,206

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expense relating to short-term leases	2,451	2,526	2,721	1,301	1,364
Total cash outflow for leases	3,841	24,384	138,278	58,694	191,368

During the Track Record Period, the Group and the Company leased offices and AIDCs for its operations. Lease contracts were entered into for fixed term of 3 to 8 years during the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026. There was no extension and termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company applied the definition of a contract and determined the period for which the contract was enforceable.

As at December 31, 2023, 2024, 2025 and June 30, 2026, the portfolio of short-term leases for the Group and the Company is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above relates.

Leases of certain AIDCs for the Group and the Company are either with only fixed lease payments or contain variable lease payments that are based on 50% of additional profit generated by AIDCs (i.e., computing cloud service revenue earned from AIDCs less operating costs of AIDCs, general and selling expenses of the project company dedicated to operate AIDCs, and fixed lease payments for leased AIDCs (if any)). No variable lease payments were incurred during the Track Record Period.

On the lease commencement date, the Group recognized addition of right-of-use assets of RMB12,859,000, RMB192,305,000, RMB873,260,000, RMB787,391,000 (unaudited) and RMB680,214,000 and lease liabilities of RMB12,708,000, RMB192,050,000, RMB873,260,000, RMB787,391,000 (unaudited) and RMB680,214,000, during the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2025 (unaudited) and 2026, respectively, which are non-cash transactions during the Track Record Period. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

As at December 31, 2024, 2025 and June 30, 2026, the Group and the Company entered into new leases for several AIDCs that have not yet commenced. The average non-cancellable periods of the aforesaid leases were 5 years, 5 years and 5 years, and the total future undiscounted cash flows over the non-cancellable periods amounted to RMB656,355,000 and RMB577,928,000 and RMB2,128,840,000, as at December 31, 2024, 2025 and June 30, 2026, respectively.

The Company

	Leased buildings	Leased AIDCs	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2023	–	–	–
Additions	12,764	–	12,764
At December 31, 2023	12,764	–	12,764
Additions	316	25,167	25,483
At December 31, 2024	13,080	25,167	38,247
Additions	–	504,246	504,246
At December 31, 2025	13,080	529,413	542,493
Additions	2,670	651,409	654,079
At June 30, 2026	15,750	1,180,822	1,196,572
DEPRECIATION			
At January 1, 2023	–	–	–
Charged for the year	1,773	–	1,773
At December 31, 2023	1,773	–	1,773
Charged for the year	4,373	839	5,212
At December 31, 2024	6,146	839	6,985
Charged for the year	4,413	85,563	89,976
At December 31, 2025	10,559	86,402	96,961
Charged for the period	1,685	85,906	87,591
At June 30, 2026	12,244	172,308	184,552
CARRYING VALUES			
At December 31, 2023	10,991	–	10,991
At December 31, 2024	6,934	24,328	31,262
At December 31, 2025	2,521	443,011	445,532
At June 30, 2026	3,506	1,008,514	1,012,020

On the lease commencement date, the Company recognized addition of right-of-use assets of RMB12,764,000, RMB25,483,000, RMB504,246,000, RMB504,246,000 (unaudited) and RMB654,079,000, and lease liabilities of RMB12,613,000, RMB25,412,000, RMB504,246,000, RMB504,246,000 (unaudited) and RMB654,079,000 during the years ended December 31, 2023, 2024, 2025, and six months ended June 30, 2025 (unaudited) and 2026, respectively, which are non-cash transactions during the Track Record Period.

18. OTHER INTANGIBLE ASSETS

The Group and the Company

	Software
	RMB'000
COST	
At January 1, 2023, December 31, 2023, 2024, 2025 and June 30, 2026	8,419
AMORTIZATION	
At January 1, 2023	348
Charged for the year	842
At December 31, 2023	1,190
Charged for the year	842
At December 31, 2024	2,032
Charged for the year	842
At December 31, 2025	2,874
Charged for the period	421
At June 30, 2026	3,295
CARRYING VALUES	
At December 31, 2023	7,229
At December 31, 2024	6,387
At December 31, 2025	5,545
At June 30, 2026	5,124

The software is primarily purchased to enhance the Group's and the Company's process efficiency and development productivity.

The above items of other intangible assets, after taking into account the residual values, are amortized on a straight-line basis at the following useful lives and rates per annum:

	Useful lives	Rates per annum
Software	10 years	10%

19. INTEREST IN AN ASSOCIATE

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in an associate	3,750	3,750	7,500	7,500
Share of (losses)/gains	(2)	(318)	79	(246)
	3,748	3,432	7,579	7,254

Foshan Jiuzhang Yunji Data System Co., Ltd. (佛山九章雲極科技有限公司, "**Foshan Jiuzhang**") was established on November 24, 2020 by the Company as a wholly-owned subsidiary of the Company with registered capital of RMB1 million. On October 30, 2023, the Company entered into a capital increase agreement with an independent third party, pursuant to which the registered capital of Foshan Jiuzhang was increased from RMB1 million to RMB50 million, among which the Company subscribed RMB7.5 million, which was paid up with amount of RMB3.75 million and RMB3.75 million in the years ended December 31, 2023 and 2025, respectively, and an independent third party subscribed RMB42.5 million, which was paid up with amount of RMB21.25 million and RMB21.25 million in the years ended December 31, 2023 and 2024, respectively.

Pursuant to the amended articles of association of Foshan Jiuzhang updated in October 2023, the board of directors comprised five members and the Company has the right to appoint one director, hence, the Company no longer maintains control over Foshan Jiuzhang, and the remaining 15% equity interests in Foshan Jiuzhang was accounted for as investment in an associate as the directors of the Company consider that the Group has significant influence over Foshan Jiuzhang. During the year ended December 31, 2023, the Company recognized a gain of RMB15,000 on disposal of a subsidiary accordingly.

Foshan Jiuzhang changed its name to Shanghai Huazhang Times Technology Co., Ltd. (上海華章時代科技有限公司) since July 2024.

20. EQUITY INSTRUMENTS AT FVTOCI

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	–	5,695	–	–

On February 6, 2024, the Company and other investors jointly established Beijing North Computing Power Zhilian Technology Co., Ltd., (北京北方算力智聯科技有限責任公司) and during the year ended December 31, 2024 the Company made a capital contribution of RMB7,125,000, accounting for 7.5% of total equity interest of the investee. In August 2025, the Company transferred such 7.5% equity interest to an independent third party at a consideration of RMB7,485,000.

21. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	–	–	5,000	8,000

On December 1, 2025, the Company entered into an agreement with third parties to subscribe to the newly increased registered capital of Beijing Ririxinxin Future Education Technology Co., Ltd. (北京日日新新未來教育科技有限公司) at a consideration of RMB5,000,000, accounting for 2.4390% of total equity interest of the investee.

On May 21, 2026, the Company entered into an agreement with third parties to subscribe to the newly increased registered capital of Shanghai Yacca Technology Co., Ltd. (上海亞格之芯技術有限公司) at a consideration of RMB3,000,000, accounting for 1.3158% of total equity interest of the investee.

22. CONTRACT ASSETS

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
AI computing infrastructure solutions *(Note i)*	–	5,093	98,580	126,685
AIFS services	–	209	388	214
	–	5,302	98,968	126,899
Current	–	209	55,165	69,630
Non-current	–	5,093	43,803	57,269
	–	5,302	98,968	126,899

Note i: Contract assets primarily represent amounts for which the Group and the Company have satisfied their performance obligations but for which the right to consideration is subject to the fulfillment of specific contractual conditions, such as the expiry of warranty periods or the completion of final project acceptance.

As of December 31, 2023, 2024, 2025 and June 30, 2026, the Group and the Company recognized credit losses allowance for contract assets of nil, RMB291,000, RMB5,231,000 and RMB6,730,000, respectively, based on the ECL model.

Details of impairment assessment for the Track Record Period are set out in Note 42.

23. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Servers and other hardware devices	32,305	3,366	3,364	3,711
	32,305	3,366	3,364	3,711

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Servers and other hardware devices	32,305	3,366	3,364	3,408
	32,305	3,366	3,364	3,408

The Group's and the Company's inventories primarily consist of servers for the AI computing infrastructure solutions.

24. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers	28,112	42,614	121,158	321,801
Bill receivables	50	447	10	–
Less: Allowance for credit losses	(6,724)	(10,102)	(15,301)	(25,950)
	21,438	32,959	105,867	295,851
Deposits	3,934	12,425	19,610	18,456
Staff advances	1,524	1,089	626	626
Receivables from customers on behalf of suppliers *(Note i)*	1,501	1,501	–	–
Loans to third parties *(Note ii)*	–	–	1,800	5,116
Others	118	115	5	41
Less: Allowance for credit losses	(394)	(1,187)	(1,223)	(241)
	6,683	13,943	20,818	23,998
Recoverable value-added tax	14,760	3,965	4,698	7,839
Prepayments for purchasing hardware for AI computing infrastructure solutions	46,014	20,614	220,358	251,926
Prepayments for purchasing property, plant and equipment	9,536	1,094	1,673	413
Prepayments for investment in a private fund *(Note iii)*	–	13,000	–	–
Prepayments for cloud computing power and other technical service fees	9,584	1,978	1,427	2,671
Prepayments for other consulting and promotion service fees	3,282	9,329	6,374	4,775
Prepaid financial guarantee expense	–	–	7,961	7,855
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	2,042	883	2,594	1,925
	85,218	50,863	246,185	281,343
	113,339	97,765	372,870	601,192
Current assets	102,165	75,350	347,611	577,142
Non-current assets	11,174	22,415	25,259	24,050
	113,339	97,765	372,870	601,192

Note i: The Group considered itself as an agent for its contracts with certain customers relating to providing AI computing infrastructure solutions and AIFS services. According to the arrangements, the customers settle their payables to suppliers indirectly through the Group. After the relevant AI computing infrastructure solutions and AIFS services have been accepted by the customers, the Group recognizes receivables from customers on behalf of suppliers as financial assets and recognizes payables to suppliers on behalf of customers as financial liabilities (Note 27).

Note ii: The Group provided a loan of RMB1,800,000 to a third party during the year ended December 31, 2025 to support its role to facilitate the Group in market expansion for its AI computing cloud services. The loan is with maturity of one year, interest-free, unsecured and unguaranteed, which was settled in April 2026. The Group provided a loan of RMB5,000,000 to another third party during six months ended June 30, 2026 to maintain strategic cooperation relations. The loan is with maturity of one year, bearing a fixed annual interest rate of 5%, unsecured and unguaranteed.

Note iii: The Group planned to jointly establish a private fund with a third party, intending to invest RMB13 million in computing power-related sectors as the initial capital contribution. As the fund was ultimately failed to be established, the capital contribution was returned to the Group in December 2025.

As at January 1, 2023, trade receivables from contracts with customers and bill receivables amounted to RMB53,647,000 and nil, respectively.

The credit term of the Group's trade receivables is generally 1 to 3 months from the invoice date. The extension of the credit period to customers may be granted upon consideration of factors such as customer type, current creditworthiness, financial condition, and payment history.

The following is an aged analysis of trade and bill receivables net of allowance for credit losses presented based on the date of rendering of services:

	As at December 31,			As at June 30,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	11,978	24,691	103,793	293,401
1 to 2 years	8,153	5,324	1,261	1,179
2 to 3 years	1,307	2,944	813	1,271
	21,438	32,959	105,867	295,851

Out of the past due balances of RMB16,879,000, RMB14,603,000, RMB6,644,000 and RMB115,449,000, as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, RMB13,170,000, RMB9,178,000, RMB6,607,000 and RMB112,383,000, respectively, have been past due 90 days or more and are not considered as in default by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral over these balances or charge any interest thereon.

Details of impairment assessment for the Track Record Period are set out in Note 42.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers *(Note iv)*	28,781	53,205	129,617	328,689
Bill receivables	50	447	10	–
Less: Allowance for credit losses	(6,610)	(10,016)	(15,268)	(25,933)
	22,221	43,636	114,359	302,756
Amounts due from subsidiaries – non-trade *(Note v)*	110,858	121,648	137,953	203,885
Deposits	3,410	10,652	17,892	16,715
Staff advances	1,081	740	276	276
Receivables from customers on behalf of suppliers *(Note i)*	1,501	1,501	–	–
Loans to third parties *(Note ii)*	–	–	1,800	5,116
Others	117	114	5	40
Less: Allowance for credit losses	(392)	(1,179)	(1,215)	(233)
	116,575	133,476	156,711	225,799
Recoverable value-added tax	14,190	705	–	–
Prepayments for purchasing hardware for AI computing infrastructure solutions	17,014	20,614	220,358	210,792
Prepayments for purchasing property, plant and equipment	9,536	1,094	1,673	413
Prepayments for an investment in a private fund *(Note iii)*	–	13,000	–	–
Prepayments for cloud computing power and other technical service fees	6,595	1,816	1,392	2,651
Prepayments for other consulting and promotion service fee	2,667	9,329	6,206	4,557
Prepaid financial guarantee expense	–	–	7,961	7,855
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Others	1,413	661	2,279	1,677
	51,415	47,219	240,969	231,884
	190,211	224,331	512,039	760,439
Current assets	179,037	203,192	488,100	737,731
Non-current assets	11,174	21,139	23,939	22,708
	190,211	224,331	512,039	760,439

As at January 1, 2023, trade receivables from contracts with customers and bill receivables amounted to RMB44,465,000 and nil, respectively.

The credit term of the Company's trade receivables is generally 1 to 3 months from the invoice date. The extension of the credit period to customers may be granted upon consideration of factors such as customer type, current creditworthiness, financial condition, and payment history.

Note iv: As at December 31, 2023, 2024, 2025 and June 30, 2026, the amounts included trade receivables due from the Company's subsidiaries of RMB1,654,000, RMB11,154,000, RMB8,622,000 and RMB6,906,000, respectively. All remaining balances were due from independent third parties.

Note v: Amounts due from subsidiaries – non-trade represented intra-group fund transfers, which were unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade and bill receivables net of allowance for credit losses presented based on the date of rendering of services:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	12,761	35,416	112,285	300,306
1 to 2 years	8,153	5,276	1,261	1,179
2 to 3 years	1,307	2,944	813	1,271
	22,221	43,636	114,359	302,756

Out of the past due balances of RMB16,861,000, RMB14,517,000, RMB6,576,000 and RMB115,431,000, as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively, RMB13,152,000, RMB9,160,000, RMB6,539,000 and RMB112,366,000 respectively, have been past due 90 days or more and are not considered as in default by considering the background of the debtors and historical payment arrangement. The Company does not hold any collateral over these balances or charge any interest thereon.

Details of impairment assessment for the Track Record Period are set out in Note 42.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances and cash	75,060	65,796	170,777	382,767
Less:				
Restricted bank deposits	–	(139)	–	(1,866)
Cash and cash equivalents	75,060	65,657	170,777	380,901

As at December 31, 2023, 2024, 2025 and June 30, 2026, bank balances of the Group carry interest at range from nil to 1.8% per annum, 0.05% to 1.35% per annum, 0.05% to 0.55% per annum and 0.05% to 0.55% per annum, respectively.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances and cash	70,300	65,605	145,417	337,672
Less:				
Restricted bank deposits	–	(139)	–	(1,866)
Cash and cash equivalents	70,300	65,466	145,417	335,806

As at December 31, 2023, 2024, 2025 and June 30, 2026, bank balances of the Company carry interest at range from nil to 1.8% per annum, 0.05% to 1.35% per annum, 0.05% to 0.55% per annum and 0.05% to 0.55% per annum, respectively.

26. CONTRACT COSTS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs to fulfill contracts	12,423	179,738	5,312	6,017

Contract costs represent capitalized costs before the completion of respective projects at the end of each reporting period. Contract costs are recognized as part of cost of revenue in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue from the related services provided is recognized. For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026, the cost of revenue recognized that was in the contract costs balance at the beginning of the year/period was RMB3,908,000, RMB11,706,000, RMB176,310,000 and RMB2,496,000, respectively.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Costs to fulfill contracts	11,340	178,646	4,410	5,433

Contract costs capitalized relate to relevant costs already incurred, but the related projects are still under developing as at the end of each reporting period during the Track Record Period. Contract costs are recognized as part of cost of revenue in the statements of profit or loss and other comprehensive income in the period in which revenue from the related services provided is recognized. For the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026, the cost of revenue recognized that was in the contract costs balance at the beginning of the year/period was RMB3,892,000, RMB10,658,000, RMB174,560,000 and RMB2,116,000, respectively.

27. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	6,907	75,289	132,344	215,278
Loan from a shareholder *(Note i)*	–	50,333	–	–
Deposits received for AI computing cloud services	–	–	2,445	5,519
Payables on behalf of customers *(Note 24)*	1,505	4,266	–	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for cloud computing power and other technical service fees	3,985	1,875	1,703	–
Other payables for consulting and marketing service fees	–	928	48	6,855
Accrued expenses	8,774	11,365	13,223	13,256
Others	590	978	1,561	872
	14,854	69,745	22,219	35,064
Payroll payables	45,529	40,590	33,798	30,498
Other tax payables	1,486	4,215	17,218	17,472
	68,776	189,839	205,579	298,312

Note i: As at December 31, 2024, the loan from a shareholder, Mr. Chen Sen, include (1) principal amount of a loan amounted to RMB50,000,000, which is unsecured, unguaranteed, bears interest at 8% per annum, and (2) accrued interest payable of RMB333,000. Both the principal and interest portion were settled in September 2025.

The following is an aging analysis of trade payables presented based on the dates of receiving services and goods:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,063	72,969	93,107	163,068
1 to 2 years	652	1,650	36,917	49,380
2 to 3 years	1,192	491	1,650	1,214
Over 3 years	–	179	670	1,616
	6,907	75,289	132,344	215,278

The credit period of trade payables is mainly ranging from 0 days to 90 days.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables *(Note ii)*	31,896	140,206	192,904	243,685
Amounts due to subsidiaries – non-trade *(Note iii)*	73,369	44,355	22,289	20,616
Loan from a shareholder *(Note i)*	–	50,333	–	–
Deposits received for AI computing cloud services	–	–	2,445	5,519
Payables on behalf of customers *(Note 24)*	1,505	4,266	–	–
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables for cloud computing power and other technical service fees	3,322	1,875	1,703	–
Other payables for consulting and marketing service fees	–	879	38	6,845
Accrued expenses	6,086	8,953	11,243	12,364
Others	390	782	1,363	681
	84,672	111,443	42,320	54,587
Payroll payables	35,931	34,555	29,311	27,659
Other tax payables	688	3,097	16,769	17,153
	153,187	289,301	281,304	343,084

Note ii: As at December 31, 2023, 2024, 2025 and June 30, 2026, the amounts included trade payables due to the Company's subsidiaries of RMB25,115,000, RMB74,951,000, RMB80,861,000 and RMB30,640,000, respectively. All remaining balances were due from independent third parties.

Note iii: Amounts due to subsidiaries – non-trade represented intra-group fund transfers, which were unsecured, interest-free and repayable on demand.

The following is an aging analysis of trade payables presented based on the dates of receiving services and goods:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	30,052	137,960	153,742	191,549
1 to 2 years	652	1,576	36,916	49,380
2 to 3 years	1,192	491	1,576	1,214
Over 3 years	–	179	670	1,542
	31,896	140,206	192,904	243,685

The credit period of trade payables is mainly ranging from 0 days to 90 days.

28. BORROWINGS

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guaranteed and unsecured borrowings *(Note i)*	70,006	80,172	149,082	70,000
Guaranteed and secured borrowings *(Note ii)*	–	–	11,000	–
Unguaranteed and unsecured borrowings	–	20,000	20,000	136,000
	70,006	100,172	180,082	206,000

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amounts of above borrowings are repayable*:				
—Within one year	70,006	97,172	180,082	206,000
—Within a period of more than one year but not exceeding two years	–	3,000	–	–
	70,006	100,172	180,082	206,000
Less: Amounts shown under current liabilities	(70,006)	(97,172)	(180,082)	(206,000)
Amounts shown under non-current liabilities	–	3,000	–	–

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Note i: As at December 31, 2023, 2024, 2025 and June 30, 2026, the borrowings with carrying amounts of RMB70,006,000, RMB80,172,000, RMB149,082,000 and RMB70,000,000, respectively, were guaranteed by certain directors of the Company, the CEO's spouse and certain director's spouse and certain third parties, and all of the guarantees will be released before the **[REDACTED]** of the Company's shares on the Stock Exchange of Hong Kong Limited.

Note ii: As at December 31, 2025, the borrowing with carrying amount of RMB11,000,000 was secured by the pledge of patent rights owned by the Company and guaranteed by the CEO and his spouse, which has been repaid in March 2026.

Borrowings were obtained from reputable banks, primarily for the purpose of carrying out the Group's and the Company's operating activities. The exposure of the Group's and the Company's borrowings are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	70,006	100,172	180,082	206,000

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's and the Company's borrowings are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed-rate borrowings	3.2%–5.2%	2.8%–8.37%	2.45%–4.00%	2.45%–4.00%

29. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

The fair values of paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes at the end of each reporting period are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Paid-in capital/ordinary shares with preferred rights				
Series angel	23,506	32,531	47,358	85,277
Series A	50,750	76,453	111,064	199,803
Series B	85,634	123,202	177,676	318,527
Series B+	64,505	87,550	121,158	213,903
Series B++	98,212	138,795	186,706	325,977
Series C	180,957	238,547	303,568	512,028
Series C+	93,011	115,558	132,609	213,659
Series D	261,708	277,081	284,089	414,873
Series D+	–	–	95,396	139,978
Series D++	–	–	119,245	174,972
Series E	–	–	99,624	133,219
Series pre-**[REDACTED]**	–	–	–	512,595
Warrants				
Series D	4,328	3,539	–	–
Series D+	–	24,491	–	–
Convertible loan notes	–	11,887	13,673	–
	862,611	1,129,634	1,692,166	3,244,811
Current liabilities	4,328	28,030	1,678,493	–
Non-current liabilities	858,283	1,101,604	13,673	3,244,811
	862,611	1,129,634	1,692,166	3,244,811

Paid-in capital/ordinary shares with preferred rights

Since the date of incorporation, the Company has completed several rounds of financing by issuing paid-in capital/ordinary shares with preferred rights to investors.

The following table summarizes the issues of paid-in capital/ordinary shares with preferred rights by series:

Series	Date of share purchase agreement	Total number of paid-in capital/ ordinary shares with preferred rights subscribed	Total amount committed	Date of payment	Number of paid-in capital/ ordinary shares with preferred rights issued	Cost per paid-in capital/ ordinary shares with preferred rights	Total amount paid
			RMB			*RMB*	*RMB*
Angel	2015.9.25 (as amended on 2021.4.2)	33,198	33,198	2025.11	33,198	1.00	33,198
	2016.12.1 (as amended on 2021.4.2)	420,708	420,708	2017.1	420,600	1.00	420,600
		–	–	2020.11	108	1.00	108
Angel	2016.9.9	416,667	5,000,000	2016.9	416,667	12.00	5,000,000
Angel	2016.12.1	166,667	2,000,000	2016.12	166,667	12.00	2,000,000
Angel	2017.10.25	204,537	1,990,000	2018.1	204,537	9.73	1,990,000
A	2015.9.25	524,402	524,402	2017.11	524,402	1.00	524,402
A	2017.7.31	2,901,300	28,227,545	2017.8	2,901,300	9.73	28,227,545
B	2015.9.25	188,000	188,000	2021.5	188,000	1.00	188,000
B	2018.1.29	3,933,527	51,000,000	2018.3	3,933,527	12.97	51,000,000
B+	2019.5.31	3,052,298	53,000,000	2019.6	3,052,298	17.36	53,000,000
B++	2020.2.20	2,854,186	60,000,000	2020.7	2,854,186	21.02	60,000,000
B++	2020.6.28	951,395	20,000,000	2020.10	951,395	21.02	20,000,000
B++	2020.9.1	805,774	16,938,776	2020.12	805,774	21.02	16,938,776
C	2021.3.17	7,029,517	192,629,289	2021.8	7,029,517	27.38	192,467,741
C+	2022.7.25	2,826,372	99,728,700	2022.12	2,635,676	35.29	93,000,000
	(as amended on 2022.9.14)	–	–	2023.6	190,696	37.79	7,205,600
D	2023.9.28	5,130,362	268,239,272	2023.6	478,152	52.28	25,000,000
		–	–	2023.8	573,782	52.28	30,000,000
		–	–	2023.10	2,548,343	52.28	133,239,272
		–	–	2023.11	1,338,824	52.28	70,000,000
		–	–	2025.2	191,261	52.28	10,000,000
D+	2024.12.9	1,475,439	81,000,000	2025.2	765,043	54.90	42,000,000
		–	–	2025.3	418,952	54.90	23,000,000
		–	–	2025.8	18,215	54.90	1,000,000
		–	–	2025.11	273,229	54.90	15,000,000
D+	2025.6.20	273,229	15,000,000	2025.6	273,229	54.90	15,000,000
D++	2025.9.16	2,185,836	120,000,000	2025.8	910,766	54.90	50,000,000
		–	–	2025.9	1,275,070	54.90	70,000,000
E	2025.11.27	1,529,916	97,000,000	2025.11	1,529,916	63.40	97,000,000
Pre-[REDACTED]	2026.6.1	4,884,691	499,999,910	2026.4	488,472	102.36	50,000,000
		–	–	2026.5	2,094,556	102.36	214,400,000
		–	–	2026.6	2,301,663	102.36	235,599,910
Total		**41,788,021**	**1,612,919,800**		**41,788,021**		**1,613,235,152**

Pursuant to the shareholder resolution, Dr. Fang Lei and Mr. Shang Mingdong are individually or collectively referred to as the "Founder(s)"; Shanghai Yuyu Management Consulting Co., Ltd., Beijing Chiyang Enterprise Management Consulting Co., Ltd. and Beijing Xuanyuan Zhitong Enterprise Management Consulting Partnership (Limited Partnership) ("**Xuanyuan Zhitong**") are individually or collectively referred to as the "Holding Platform(s)". Apart from Founder(s), the Holding Platforms and Mr. Xu Zhu and Mr. Yang Wei, the other investors from series angel to series pre-**[REDACTED]** are collectively referred to as the "Investors". The Investors, as holders of paid-in capital/ordinary shares with preferred rights, are entitled to the following rights:

Dividend preference

In the event of a dividend distribution by the Company, which shall require the approval of the Board of Directors, the Investors shall be entitled to receive preferential dividends in the order of their investment series, before any distribution to other shareholders. The order of priority is: series pre-**[REDACTED]**, followed by series E, series D++/D+/D, series C+, series C, series B++, series B+, series B, series A, and series angel. Each series is entitled to an annualized 8% preferential dividend on its respective investment amount. Such dividends shall be payable only when, as, and if declared by the board of directors. No dividends have been declared during the Track Record Period.

Redemption right

Upon the occurrence of certain specified events, the Investors have the right to require the Company or the Founders to redeem all of their shares. The redemption price shall be the higher of (i) 150% of the original investment amount, or (ii) the original investment amount plus a 10% annualized compound interest. The payment priority order follows the same sequence as the dividend preference, with the series pre-**[REDACTED]** having first priority.

Such specified events include: (1) a Founder ceases employment with the Company prior to the expiration of the full-time service restriction period; or (2) a Founder breaches the restrictions on share transfer; or (3) a Founder fails to comply with the non-competition or non-solicitation obligations under the labor-related agreements entered into with the Company, and fails to rectify such non-compliance and deliver written documentation satisfactory to the investors within 30 days after the occurrence; or (4) the Group, any Founder, or the shareholding platform materially breaches any representation, warranty, covenant, or other contractual obligation made in the transaction documents related to the investment or applicable laws, and fails to effectively cure such breach within 30 days after notice from the Investors; or (5) any fraudulent or bad-faith conduct by a Founder and/or Holding Platform(s) that causes or may cause material loss to the Investors, and such conduct is not effectively remedied within 30 days after notice from the Investors; or (6) the Founder, directly or indirectly, engages in or participates in any business outside the Company's core business without the prior consent of Investors holding more than 50% of the voting rights in the Company; or (7) the Company fails to complete an **[REDACTED]** or be acquired by a third party on or before December 31, 2026; or (8) if other investors exercise their redemption rights and the redemption obligor has been determined to have a binding obligation to fulfill such redemption.

Liquidation preference

In the event of any liquidation or deemed liquidation, dissolution, winding up of the Company, the Investors shall have the right to receive preferential distributions from the liquidation proceeds in the order of their investment series, which is identical to the dividend priority order. Each series is first entitled to receive an amount equal to 120% of its original investment plus any accrued but unpaid dividends. If statutory procedures restrict such payment, other shareholders shall use their share of the proceeds to compensate the senior-priority Investors.

Anti-dilution protection

Should the Company issue new shares at a price per share lower than the price paid by the Investors in a subsequent financing series, the Investors are entitled to have their effective share price adjusted using the broad-based weighted average method. The Company or the Founders shall compensate the Investors by transferring additional shares to them for no or nominal consideration. Investors from the series pre-**[REDACTED]** shall have priority in receiving such compensation over Investors from other series.

In June 2026, the Company and the holders of the ordinary shares with preferred rights have entered into a supplemental agreement, pursuant to which the drag along rights and redemption rights were terminated and shall be void *ab initio* on the day immediately preceding the Company's the first submission of the **[REDACTED]** application to the Stock Exchange of Hong Kong Limited (the "**First Submission**"), provided that such drag along rights and redemption rights shall be reinstated if the Company fails to complete the China Securities Regulatory Commission filing and obtain approval from the Stock Exchange of Hong Kong Limited within 18 months after the First Submission, or the **[REDACTED]** is not completed within 24 months of the First Submission, or the **[REDACTED]** application is subsequently withdrawn, explicitly rejected or not accepted by the competent authorities, or not consummated within the prescribed regulatory timeframe after approval or filing. Subsequent to this supplemental agreement, the Group has right to defer the settlement of redemption obligation to no later than 18 months from the First Submission.

Warrants

As at January 1, 2023, the Company had issued paid-in capital with preferred rights to Investors, of which 26,117,852 paid-in capital with preferred rights had been fully paid at the price specified in the relevant purchase agreements. For the remaining unsubscribed paid-in capital with preferred rights, investors have the right at any time to pay consideration at the same price set forth in relevant purchase agreements to acquire such unpaid paid-in capital with preferred rights. These investors were then in substance granted an unconditional warrant to purchase paid-in capital with preferred rights at a predetermined subscription price.

As at December 31, 2023 and 2024, the number of paid-in capital with preferred rights underlying the unconditional Warrants amounted to 191,261 and 1,666,700, respectively. The full amount related to these Warrants was fully settled during the year ended December 31, 2025.

Convertible loan notes

The Company issued convertible loan notes to a third party with a total principal amount of RMB15,000,000 on December 18, 2024. The notes entitle the third party to convert them into paid-in capital of the Company at any time between the date of issue of the notes and end of the 48-month loan period, upon the simultaneous satisfaction of the two following conditions that (i) the Company completed its overall conversion into a joint stock limited company and (ii) has obtained an appraisal report from a valuer recognized by the holder of the convertible loan notes, indicating the overall valuation of the Group's enterprise value exceeding RMB2.5 billion, at a conversion price with reference to the price of the recent equity financing. Annual interest rate of 0.5% will be payable at the end of the 48-month loan period if no conversion rights exercised. The principal amount and accumulated interest of the convertible loan notes were repaid in May 2026.

Presentation and Classification

For the paid-in capital/ordinary shares with preferred rights and convertible loan notes, the Group and the Company do not bifurcate any embedded derivatives from the host instruments and designated the entire instruments as financial liabilities at FVTPL with the changes in the fair value recognized in profit or loss. For Warrants, since the unsubscribed paid-in capital/ordinary shares with preferred rights that are exercisable by investors is classified as financial liabilities at FVTPL, the Warrants do not qualify as contracts that will or may be settled in the Company's own equity instruments and are therefore accounted for as derivatives and classified as financial liabilities at FVTPL.

Paid-in capital/ordinary shares with preferred rights, Warrants and convertible loan notes were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Lance (Beijing) Asset Appraisal Co., Ltd.

The Group applied the back-solved method to determine the total underlying equity value of the Company for the years ended December 31, 2023 and 2024 and applied discounted cash flow method to determine the total underlying equity value of the Company for the year ended December 31, 2025 and six months ended June 30, 2026. The Group then adopted equity allocation model based on Black-Scholes option pricing model to determine the fair value of paid-in capital/ordinary shares with preferred rights, adopted binomial option-pricing model method to determine the fair value of Warrants and adopted scenario analysis to determine the fair value of convertible loan notes for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026. Key assumptions are set as below:

Paid-in capital/ordinary shares with preferred rights

	Year ended December 31,			Six months ended June 30,
	2023	**2024**	**2025**	**2026**
Risk-free interest rate	2.20%	1.10%	1.34%	1.22%
Expected volatility value	76.51%	70.89%	73.21%	73.65%
Discount rate	N/A	N/A	16.50%	16.50%
DLOM	22.00%	21.00%	21.50%	19.00%
Possibilities under liquidation scenario	35.00%	30.00%	20.00%	17.50%
Possibilities under redemption scenario	35.00%	30.00%	20.00%	17.50%
Possibilities under **[REDACTED]** scenario	30.00%	40.00%	60.00%	65.00%

The risk-free interest rate was determined based on the yield of Chinese treasury bonds with maturities approximating the period from each valuation date to the expected liquidation date for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026. Volatility was estimated on each valuation date based on average historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates. Discount rate was estimated by weighted average cost of capital. The DLOM was estimated based on the option pricing method.

Warrants

	Year ended December 31,	
	2023	**2024**
Risk-free interest rate	2.44%	1.13%
Expected volatility value	76.51%	77.04%
Expected dividend yield	–	–
Expected life (in years)	2	1

The risk-free interest rate was determined based on the yield of Chinese treasury bonds with maturities approximating the period from each valuation date to the expected payment dates. Volatility was estimated on each valuation date based on average historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to the expected payment dates. As the Company has never paid dividends during the historical period, the expected dividend yield is assumed to be nil. The expected life used in the model is based on management's best estimate of the period from the valuation dates to the expected payment dates.

Convertible loan notes

	Year ended December 31,	
	2024	**2025**
Risk-free interest rate	1.10%	1.34%
Expected volatility value	70.89%	73.21%
Probability under the conversion scenario	15.90%	30.20%
Discount rate	7.81%	4.93%

The directors of the Company estimated the risk-free interest rate by reference to the yield of Chinese treasury bonds, as appropriate with a maturity life close to the expected terms. Volatility was estimated on each valuation date based on average historical volatilities of the comparable companies in the same industry with tenure commensurate with the period from the valuation date to the expected conversion date. Discount rate was based on the Company's credit rating. The DLOM was estimated based on the option pricing method.

Sensitivity analysis

If the volatility was 5% increase/decrease, while all other variables remain constant, the carrying amount of paid-in capital/ordinary shares with preferred rights would decrease by approximately RMB3,411 thousand or increase by approximately RMB3,521 thousand at December 31, 2023, and would decrease by approximately RMB3,005 thousand or increase by approximately RMB3,153 thousand as at December 31, 2024, respectively.

If the discount rate was 5% increase/decrease, while all other variables remain constant, the carrying amount of paid-in capital/ordinary shares with preferred rights would decrease by approximately RMB84,865 thousand, or increase the amount by approximately RMB94,676 thousand at December 31, 2025 and would decrease by approximately RMB157,165 thousand or increase by approximately RMB175,651 thousand as at June 30, 2026, respectively.

If the volatility was 5% increase/decrease, while all other variables remain constant, the carrying amount of Warrants would increase by approximately RMB181 thousand or decrease by approximately RMB184 thousand at December 31, 2023, and would increase by approximately RMB1,284 thousand or decrease by approximately RMB1,294 thousand as at December 31, 2024, respectively.

If the volatility was 5% increase/decrease, while all other variables remain constant, the carrying amount of convertible loan notes would decrease by approximately RMB6 thousand or increase by approximately RMB5 thousand at December 31, 2024, and would decrease by approximately RMB13 thousand or increase by approximately RMB14 thousand as at December 31, 2025, respectively.

30. LEASE LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	4,867	59,885	276,823	397,298
Within a period of more than one year but not exceeding two years	4,517	61,650	235,972	318,331
Within a period of more than two years but not exceeding five years	2,297	65,482	444,568	764,405
	11,681	187,017	957,363	1,480,034
Less: Amount due for settlement within 12 months shown under current liabilities	(4,867)	(59,885)	(276,823)	(397,298)
Amount due for settlement after 12 months shown under non-current liabilities	6,814	127,132	680,540	1,082,736

The weighted average incremental borrowing rates applied to lease liabilities are 7.13%–7.41%, 4.87%–5.19%, 3.98%–4.20% and 3.98%–4.20%, as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:				
Within one year	4,856	9,200	109,677	224,707
Within a period of more than one year but not exceeding two years	4,486	7,054	114,111	222,189
Within a period of more than two years but not exceeding five years	2,260	14,540	232,441	571,230
	11,602	30,794	456,229	1,018,126
Less: Amount due for settlement within 12 months shown under current liabilities	(4,856)	(9,200)	(109,677)	(224,707)
Amount due for settlement after 12 months shown under non-current liabilities	6,746	21,594	346,552	793,419

The weighted average incremental borrowing rates applied to lease liabilities are 7.13%–7.41%, 4.87%–5.19%, 3.98%–4.20% and 3.98%–4.20%, as at December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

31. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers:				
– AI computing infrastructure solutions	2,964	184,714	116,474	–
– AI computing cloud services	–	354	3,589	39,201
– AIFS services	23,634	10,294	6,071	7,880
	26,598	195,362	126,134	47,081

As at January 1, 2023, contract liabilities amounted to RMB17,104,000.

The revenue of the Group recognized that was included in the contract liabilities balance at the beginning of the year/period was RMB16,027,000, RMB26,013,000, RMB193,657,000 and RMB29,551,000 for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026, respectively.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers:				
– AI computing infrastructure solutions	2,964	184,714	116,474	–
– AI computing cloud services	–	354	3,589	38,472
– AIFS services	21,694	9,573	4,693	7,021
	24,658	194,641	124,756	45,493

As at January 1, 2023, contract liabilities amounted to RMB16,633,000.

The revenue of the Company recognized that was included in the contract liabilities balance at the beginning of the year/period was RMB15,556,000, RMB23,976,000, RMB193,528,000 and RMB29,330,000 for the years ended December 31, 2023, 2024, 2025 and six months ended June 30, 2026, respectively.

Payments are received by the Group and the Company as the advances from customers prior to providing AI computing infrastructure solutions, AI computing cloud services and AIFS services. Payment terms are negotiated on a case-by-case basis. When the Group and the Company receive certain percentage of deposits as an advance payment upon signing the contract and during the contract period, this will give rise to contract liabilities, until the revenue is recognized upon the relevant performance obligation is fulfilled.

32. DEFERRED TAXATION

The Group

The following are the deferred tax assets/liabilities recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Tax losses	Fair value change of convertible loan notes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	–	–	–	–
(Charge)/credit to profit or loss	(1,668)	1,668	–	–	–
At December 31, 2023	(1,668)	1,668	–	–	–
(Charge)/credit to profit or loss	(38,320)	38,250	537	(467)	–
At December 31, 2024	(39,988)	39,918	537	(467)	–
(Charge)/credit to profit or loss	(133,902)	133,972	(338)	268	–
At December 31, 2025	(173,890)	173,890	199	(199)	–
(Charge)/credit to profit or loss	(79,710)	79,710	(199)	199	–
At June 30, 2026	(253,600)	253,600	–	–	–

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31/12/2023		31/12/2024		31/12/2025		30/06/2026	
	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1,668	–	40,455	–	174,089	–	253,600	–
Deferred tax liabilities	(1,668)	–	(40,455)	–	(174,089)	–	(253,600)	–

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	681,339	916,010	1,005,265	1,049,274
Deductible temporary differences	7,866	21,271	66,477	62,588
Total	**689,205**	**937,281**	**1,071,742**	**1,111,862**

Due to the unpredictability of future profit streams, no deferred tax assets had been recognized for these unused tax losses and deductible temporary differences. As at December 31, 2023, 2024, 2025 and June 30, 2026, these unrecognized tax losses arising from the Company, which can be carried forward to offset future taxable income. The deductible temporary differences mainly arise from the recognition of expenses in respect of impairment losses and lease liabilities.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2024	10,557	–	–	–
2025	16,375	16,375	–	–
2026	18,908	18,908	18,908	–
2027	51,435	51,435	51,435	51,435
2028	90,988	90,988	90,988	90,988
2029	48,634	93,239	93,239	93,239
2030	77,274	77,274	89,965	89,965
2031	115,772	115,772	115,772	144,249
2032	48,382	48,382	48,382	48,382
2033	203,014	203,014	203,014	203,014
2034	–	200,623	200,623	200,623
2035	–	–	92,939	92,939
2036	–	–	–	34,440
Total	**681,339**	**916,010**	**1,005,265**	**1,049,274**

The Company

The following are the deferred tax assets/liabilities recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Tax losses	Fair value change of convertible loan notes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	–	–	–	–
(Charge)/credit to profit or loss	(1,649)	1,649	–	–	–
At December 31, 2023	(1,649)	1,649	–	–	–
(Charge)/credit to profit or loss	(3,041)	2,971	537	(467)	–
At December 31, 2024	(4,690)	4,620	537	(467)	–
(Charge)/credit to profit or loss	(62,140)	62,210	(338)	268	–
At December 31, 2025	(66,830)	66,830	199	(199)	–
(Charge)/credit to profit or loss	(84,973)	84,973	(199)	199	–
At June 30, 2026	(151,803)	151,803	–	–	–

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	31/12/2023		31/12/2024		31/12/2025		30/06/2026	
	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position	Offset amount	Net deferred tax assets/liabilities recognized in the consolidated statement of financial position
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	1,649	–	5,157	–	67,029	–	151,803	–
Deferred tax liabilities	(1,649)	–	(5,157)	–	(67,029)	–	(151,803)	–

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	597,671	796,057	885,746	913,105
Deductible temporary differences	18,025	22,582	44,189	52,610
Total	**615,696**	**818,639**	**929,935**	**965,715**

Due to the unpredictability of future profit streams, no deferred tax assets had been recognized for these unused tax losses and deductible temporary differences. As at December 31, 2023, 2024, 2025 and June 30, 2026, these unrecognized tax losses primarily arising from the Company, which can be carried forward to offset future taxable income. The deductible temporary differences mainly arise from the recognition of expenses in respect of impairment losses and lease liabilities.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2024	2,237	–	–	–
2025	3,250	3,250	–	–
2026	7,081	7,081	7,081	–
2027	27,036	27,036	27,036	27,036
2028	64,991	64,991	64,991	64,991
2029	48,634	48,634	48,634	48,634
2030	77,274	77,274	77,274	77,274
2031	115,772	115,772	115,772	115,772
2032	48,382	48,382	48,382	48,382
2033	203,014	203,014	203,014	203,014
2034	–	200,623	200,623	200,623
2035	–	–	92,939	92,939
2036	–	–	–	34,440
Total	**597,671**	**796,057**	**885,746**	**913,105**

33. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in Capital

	Number of paid-in capital without preferred rights	Number of paid-in capital with preferred rights	Total number of paid-in capital	Total paid-in capital
	'000	*'000*	*'000*	*RMB'000 (Note iii)*
As at January 1, 2023	4,567	26,085	30,652	30,652
Issue of paid-in capital with preferred rights	–	5,129	5,129	5,129
As at December 31, 2023 and 2024	4,567	31,214	35,781	35,781
Issue of paid-in capital *(Note i)*	7,377	–	7,377	7,377
Issue of paid-in capital with preferred rights	–	5,689	5,689	5,689
As at December 31, 2025	11,944	36,903	48,847	48,847
Conversion into joint stock limited liability company *(Note ii)*	(11,944)	(36,903)	(48,847)	(48,847)
As at June 30, 2026	–	–	–	–

Note i: During the year ended December 31, 2025, the previously subscribed but unpaid registered capital prior to the Track Record Period was fully paid in. Paid-in capital without preferred rights is paid up at a par value of RMB1 each, of which 3,109,888 shares are issued to the share incentive platform, and the remaining 4,266,890 shares are issued to other shareholders.

Note ii: On February 12, 2026, the Company was converted from a limited liability company into joint stock limited liability company by issuing 48,846,910 shares at par value of RMB1 each, of which 11,943,580 shares were ordinary shares without preferred rights and the remaining 36,903,330 shares were ordinary shares with preferred rights. The excess of net assets converted over nominal value of the shares was credited to the capital reserve.

Share Capital

	Number of ordinary shares without preferred rights	Number of ordinary shares with preferred rights	Total number of ordinary shares	Total ordinary shares
	'000	*'000*	*'000*	*RMB'000 (Note iii)*
Ordinary shares of RMB1 each				
As at January 1, 2026	–	–	–	–
Issue of shares upon conversion into joint stock limited liability company	11,944	36,903	48,847	48,847
Issue of ordinary shares with preferred rights	–	4,885	4,885	4,885
As at June 30, 2026	11,944	41,788	53,732	53,732

Note iii: The par value of both the paid-in capital/ordinary shares with preferred rights and the paid-in capital/ordinary shares without preferred rights is RMB1 per share.

34. RESERVES OF THE COMPANY

	Capital reserve	Share-based payment reserve	FVTOCI reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	(20,685)	2,833	–	(341,360)	(359,212)
Loss and total comprehensive expense for the year	–	–	–	(379,000)	(379,000)
Issue of paid-in capital with preferred rights	(5,129)	–	–	–	(5,129)
Recognition of equity-settled share-based payments	–	186	–	–	186
At December 31, 2023	(25,814)	3,019	–	(720,360)	(743,155)
Loss for the year	–	–	–	(412,827)	(412,827)
Fair value loss of equity instruments at FVTOCI	–	–	(1,430)	–	(1,430)
Total comprehensive expense for the year	–	–	(1,430)	(412,827)	(414,257)
Recognition of equity-settled share-based payments	–	153	–	–	153
At December 31, 2024	(25,814)	3,172	(1,430)	(1,133,187)	(1,157,259)
Loss for the year	–	–	–	(298,274)	(298,274)
Fair value gain of equity instruments at FVTOCI	–	–	1,790	–	1,790
Total comprehensive income/(expense) for the year	–	–	1,790	(298,274)	(296,484)
Disposal of equity instruments at FVTOCI	–	–	(360)	360	–
Issue of paid-in capital with preferred rights	(5,689)	–	–	–	(5,689)
Recognition of equity-settled share-based payments	–	689	–	–	689
At December 31, 2025	(31,503)	3,861	–	(1,431,101)	(1,458,743)
Loss and total comprehensive expense for the period	–	–	–	(1,075,512)	(1,075,512)
Issue of shares with preferred rights	(4,885)	–	–	–	(4,885)
Conversion into a joint stock limited liability company	(1,513,276)	(3,803)	–	1,517,079	–
Recognition of equity-settled share-based payments	–	1,591	–	–	1,591
At June 30, 2026	(1,549,664)	1,649	–	(989,534)	(2,537,549)

35. SHARE-BASED PAYMENTS

The Group

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a board resolution passed on March 1, 2018 for the primary purpose of providing incentives to directors and eligible employees, and will expire on March 1, 2028. In order to implement the Scheme, Xuanyuan Zhitong was established and designated as a share incentive platform. The Group has no control over the share incentive platform.

Under the Scheme, eligible employees, including directors of the Company and its subsidiaries, may be granted options to subscribe for the limited partnership units of Xuanyuan Zhitong, and 15 units of which represent 1 of paid-in capital of the Company. The total number of paid-in capital in respect of which options may be granted under the Scheme is 3,109,888 shares, equivalent to 46,648,320 options.

The share options will vest in accordance with the vesting schedules set out in the respective share award agreements, with a vesting period of 0 to 4 years. In addition to the service conditions, certain share options also include performance-based vesting conditions.

Pursuant to a board resolution on May 31, 2026, supplementary agreements (the "**Supplementary Agreements**") to the original share option grant agreements under the Scheme were approved. The primary amendment set out under the Supplementary Agreements modified the commencement date of the exercise period for all outstanding share options, changing it from the date on which the vesting conditions are satisfied, to the later of (i) the date on which the vesting conditions are satisfied; and (ii) the date falling 12 months after the Company's **[REDACTED]** of its shares on The Stock Exchange of Hong Kong Limited.

This modification extended the exercise period and thereby reduced the total fair value of the share-based payment arrangement. Accordingly, the Group continues to account for the original options granted as if that modification had not occurred.

The following are details for movements in the numbers and weighted average grant date fair value of the share options during the Track Record Period:

	Number of share option under the Scheme	Weighted average grant date fair value
		RMB
Outstanding as of January 1, 2023	34,565,577	0.14
Granted	3,494,149	0.22
Outstanding as of December 31, 2023	38,059,726	0.14
Granted	86,068	0.76
Outstanding as of December 31, 2024	38,145,794	0.15
Granted	5,144,355	1.34
Outstanding as of December 31, 2025	43,290,149	0.29
Granted	8,045,107	2.28
Forfeited	(4,686,936)	–
Outstanding as of June 30, 2026	46,648,320	0.68

As at December 31, 2023, 2024, 2025 and June 30, 2026, the outstanding share options had a weighted average remaining contractual life of 7.57, 7.05, 8.72 and 9.46 years, with the exercise price ranges of RMB1.40–3.49, RMB1.40–3.49, RMB1.40–3.66 and RMB1.40–4.23, respectively.

The number of exercisable share options as of December 31, 2023, 2024, 2025 and June 30, 2026 was 33,842,070, 35,597,393, 36,909,728 and 32,872,156, respectively.

The fair value of the share options is estimated using the binomial option-pricing model. The valuation methods have been subject to certification by an independent and qualified business valuer, being Lance (Beijing) Asset Appraisal Co., Ltd., prior to their implementation for valuation purposes and are calibrated to ensure that outputs reflect market conditions. The determination of estimated fair value of share options on the grant date is affected by the fair value of the Company's paid-in capital as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of the Company over the expected term of the awards, actual and projected employee share option exercise behaviours, the risk-free interest rate and expected dividend yield.

The estimated fair value of each share option granted is estimated on the date of grant using the binomial option-pricing model with the following assumptions:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Expected volatility rate	66.07%–67.47%	67.81%	67.69%	67.45%–72.24%
Risk-free interest rate (per annum)	2.72%–2.88%	2.57%	1.68%	1.75%
Expected dividend yield	–	–	–	–
Expected life (in years)	10 years	10 years	10 years	10 years
Exercise price	2.35	3.49	3.66	4.23
Fair value of the underlying equity interests on the date of share option granted *(RMB)*	1.06	1.53	2.38	4.05

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period of time close to the expected time to exercise. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The amount of costs related to share-based payments recognized in profit or loss for the years ended December 31, 2023, 2024, and 2025, and six months ended June 30, 2025 (unaudited) and 2026 was RMB204,000, RMB182,000, RMB754,000, RMB66,000 (unaudited) and RMB1,732,000, respectively.

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The Group's capital structure consists of net debt and equity attributable to the owners of the Company. Net debt comprises loan from a shareholder in Note 27, borrowings in Note 28, financial liabilities at FVTPL in Note 29 and lease liabilities in Note 30, less cash and cash equivalents. Equity includes paid-in capital, accumulated losses, and other reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt.

37. CONTINGENT LIABILITIES

As at December 31, 2023, 2024, 2025 and June 30, 2026, the Group and the Company did not have any material contingent liabilities.

38. DEFERRED INCOME

The Group and the Company

A government grant of RMB4,423,000 was received during the year ended December 31, 2024, which was primarily used as compensation of expenses including installation expenses, testing and experimental processing expenses. Such grant is classified as a government grant related to income, as it is intended to compensate for the related expenses to be incurred in the future.

This grant was initially recognized as deferred income when received and amortized to profit or loss based on the actual expenses incurred subsequently. Accordingly, the other income of RMB1,278,000 and RMB3,145,000 was recognized for the years ended December 31, 2024 and 2025, respectively.

As at December 31, 2025, the entire deferred income balance has been fully amortized.

39. RELATED PARTY TRANSACTIONS

Other than as disclosed in Note 24, Note 27 and Note 28, no other significant transactions and balances are carried out between the Group and related parties during the Track Record Period.

The remuneration of directors, supervisors and other key management personnel is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and allowances	4,510	4,241	5,799	2,909	2,464
Performance related bonuses	1,699	1,141	342	21	70
Share-based payments expenses	5	5	316	1	166
Compensation for the loss of office	–	500	–	–	–
Retirement benefits	355	360	478	237	183
	6,569	6,247	6,935	3,168	2,883

40. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs as determined by local government authorities to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense of approximately RMB14,845,000, RMB13,601,000, RMB13,784,000, RMB5,634,000 (unaudited) and RMB5,546,000 for the years ended December 31, 2023, 2024, 2025, and six months ended June 30, 2025 (unaudited) and 2026 respectively, mainly represents contributions payable to these plans for the employees of the Company and the Company's subsidiaries in the PRC by the Group at rates specified in the rules of the plans.

41. FINANCIAL INSTRUMENTS

The Group

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period during the Track Record Period are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortized cost	103,181	112,698	297,462	702,616
Financial assets at FVTOCI	–	5,695	–	–
Financial assets at FVTPL	–	–	5,000	8,000
Contract assets	–	5,302	98,968	126,899
Financial liabilities:				
Financial liabilities at FVTPL	862,611	1,129,634	1,692,166	3,244,811
Financial liabilities at amortized cost	82,993	233,841	321,422	443,086
Lease liabilities	11,681	187,017	957,363	1,480,034

The Company

The carrying amounts of each of the categories of financial instruments of the Company as at the end of each reporting period during the Track Record Period are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at amortized cost	209,096	242,717	416,487	866,227
Financial assets at FVTOCI	–	5,695	–	–
Financial assets at FVTPL	–	–	5,000	8,000
Contract assets	–	5,302	98,968	126,899
Financial liabilities:				
Financial liabilities at FVTPL	862,611	1,129,634	1,692,166	3,244,811
Financial liabilities at amortized cost	180,488	342,868	404,063	491,908
Lease liabilities	11,602	30,794	456,229	1,018,126

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial instruments include cash and cash equivalents, restricted bank deposits, contract assets, trade receivables, bill receivables, other receivables, equity instruments at FVTOCI, trade payables, other payables, borrowings, lease liabilities, financial assets at FVTPL and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Interest rate risk

The Group and the Company

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (Note 28), loan from a shareholder (Note 27) and lease liabilities (Note 30). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and restricted bank deposits (Note 25). The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group and the Company manage their interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

Total interest income of the Group from financial assets that are measured at amortized cost is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Financial assets at amortized cost	590	422	289	188	363
	590	422	289	188	363

Interest expense on financial liabilities and lease liabilities of the Group not measured at FVTPL:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Financial liabilities at amortized cost	2,648	4,633	7,046	3,864	2,781
Lease liabilities	363	5,144	35,876	14,140	32,461
	3,011	9,777	42,922	18,004	35,242

The directors of the Company considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

(ii) Other price risk

The Group and the Company

The Group and the Company are exposed to price risk through investments in equity instruments measured at FVTOCI, financial assets at FVTPL and financial liabilities at FVTPL. For equity instruments measured at FVTOCI and financial liabilities at FVTPL, the Group and the Company have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analyses for unquoted equity instruments measured at FVTOCI, financial assets at FVTPL and financial liabilities at FVTPL with fair value measurement categorized within Level 3 were disclosed in Notes 43 and 29 respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations or adverse change in credit qualification resulting in financial losses to the Group and the Company. The credit risk exposures are primarily attributable to cash and cash equivalents, restricted bank deposits, trade and bill receivables, contract assets, other receivable and deposits. The Group and the Company do not hold any collateral or other credit enhancements to cover the credit risks associated with their financial assets.

When the Group and the Company has performed all the necessary procedures and still considers that the whole or part of a financial instrument cannot reasonably be expected to recover, the Group and the Company will wholly or partially write it off. Indications of a financial instrument cannot reasonably be expected to recover include overdue periods, termination of enforcement, etc.

The Group and the Company performed impairment assessment for financial assets and other items under ECL model. Information about the Group's and the Company's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

The Group

			Gross carrying amount			
			As at December 31,			As at June 30,
	Notes	12m or Lifetime ECL	2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortized cost						
Cash and cash equivalents	*25*	12m ECL	75,060	65,657	170,777	380,901
Restricted bank deposits	*25*	12m ECL	–	139	–	1,866
Other receivables	*24*	12m ECL	7,077	15,130	22,041	24,239
Trade receivables and bill receivables	*24*	Lifetime ECL (not credit-impaired)	28,162	43,061	121,168	321,801
Contract assets	*22*	Lifetime ECL (not credit-impaired)	–	5,593	104,199	133,629

The Company

			Gross carrying amount			
			As at December 31,			As at June 30,
	Notes	12m or Lifetime ECL	2023	2024	2025	2026
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at amortized cost						
Cash and cash equivalents	*25*	12m ECL	70,300	65,466	145,417	335,806
Restricted bank deposits	*25*	12m ECL	–	139	–	1,866
Other receivables	*24*	12m ECL	116,967	134,655	157,926	226,032
Trade receivables and bill receivables	*24*	Lifetime ECL (not credit-impaired)	28,831	53,652	129,627	328,689
Contract assets	*22*	Lifetime ECL (not credit-impaired)	–	5,593	104,199	133,629

Cash and cash equivalents, restricted bank deposits

To manage risk arising from bank balances, the Group and the Company only transact with state-owned or reputable financial institutions in Chinese Mainland. There has been no recent history of default in relation to these financial institutions.

The credit risk on bank balances is limited because the counterparties are reputable banks with high credit rating assigned by international credit-rating agencies. The Group and the Company assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognized.

Trade receivables, bill receivables and contract assets

In order to minimize the credit risk, management of the Group and the Company have delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group and the Company use an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group and the Company perform impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the management of the Group and the Company consider that the Group's and the Company's credit risk is significantly reduced.

The Group and the Company have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables, bill receivables and contract assets. The Group and the Company estimate the amount of lifetime ECL of trade receivables, bill receivables and contract assets based on provision matrix through grouping of various debtors that have similar loss patterns, after considering aging, repayment history and/or past due status of respective trade receivables, bill receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. After considering the financial position of subsidiaries of the Company, historical settlement records, and also the forward-looking information, the management of Company assessed the credit risk arising from the amounts due from subsidiaries of the Company in trade nature is insignificant and therefore no loss allowance was recognized.

As part of the Group's and the Company's credit risk management, impairment assessments for customer portfolios with common risk characteristics are performed using debtors' aging and past due analysis, as this metric is representative of the customers' ability to meet all contractual payment obligations. The provision matrix for collectively assessed trade receivables, bill receivables and contract assets incorporates these common characteristics, including aging, repayment history, and/or the past due status of the respective receivables, to estimate lifetime ECL. The following tables provide information about the exposure to credit risk for trade receivables, bill receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL.

(i) Trade and bill receivables

The Group

	As at December 31,									As at June 30,		
	2023			2024			2025			2026		
	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
AIFS												
within 1 year	10%	13,308	1,330	10%	7,450	745	10%	1,775	178	10%	718	72
1–2 years	30%	11,648	3,495	30%	7,605	2,281	30%	1,802	541	30%	297	89
2–3 years	50%	2,614	1,307	50%	5,888	2,944	50%	1,626	813	50%	2,542	1,271
3–4 years	100%	574	574	100%	2,593	2,593	100%	5,810	5,810	100%	1,955	1,955
over 4 years	100%	18	18	100%	592	592	100%	2,581	2,581	100%	7,047	7,047
AI computing infrastructure solutions												
within 1 year	5%	–	–	5%	18,933	947	5%	99,549	4,975	5%	21,715	1,086
1–2 years	10%	–	–	10%	–	–	10%	–	–	10%	1,079	108
AI computing cloud services												
within 1 year	5%	–	–	5%	–	–	5%	8,025	403	5%	286,448	14,322
Total		**28,162**	**6,724**		**43,061**	**10,102**		**121,168**	**15,301**		**321,801**	**25,950**

The Company

	As at December 31,									As at June 30,		
	2023			2024			2025			2026		
	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
AIFS												
within 1 year	10%	12,341	1,234	10%	6,973	697	10%	1,630	163	10%	717	72
1–2 years	30%	11,648	3,495	30%	7,537	2,261	30%	1,802	541	30%	297	89
2–3 years	50%	2,614	1,307	50%	5,888	2,944	50%	1,626	813	50%	2,542	1,271
3–4 years	100%	574	574	100%	2,593	2,593	100%	5,810	5,810	100%	1,955	1,955
over 4 years	100%	–	–	100%	574	574	100%	2,563	2,563	100%	7,030	7,030
AI Computing infrastructure solutions services												
within 1 year	5%	–	–	5%	18,933	947	5%	99,549	4,976	5%	286,448	14,322
AI computing cloud services												
within 1 year	5%	–	–	5%	–	–	5%	8,025	402	5%	21,715	1,086
1–2 years	10%	–	–	10%	–	–	10%	–	–	10%	1,079	108
Total		**27,177**	**6,610**		**42,498**	**10,016**		**121,005**	**15,268**		**321,783**	**25,933**

(ii) Contract assets

The Group and the Company

	As at December 31,									As at June 30,		
	2023			2024			2025			2026		
	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount	Average loss rate	Gross carrying amount	ECL amount
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
AIFS												
Current (not past due)	10%	–	–	10%	232	23	10%	430	43	10%	237	24
AI computing infrastructure solutions												
Current (not past due)	5%	–	–	5%	5,361	268	5%	103,769	5,188	5%	132,654	6,632
1–30 days past due	10%	–	–	10%	–	–	10%	–	–	10%	738	74
Total		**–**	**–**		**5,593**	**291**		**104,199**	**5,231**		**133,629**	**6,730**

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Other receivables

In order to adhere to the principle under IFRS 9 of differentiating impairment provisions based on changes in credit risk, the management of the Group and the Company apply the ECL model specifically to the deposits, receivables from customers on behalf of suppliers, and non-trade amounts due from subsidiaries included in other receivables, without extending to the entire portfolio. The management of the Group and the Company continuously monitor the settlement and the level of exposure to ensure that follow-up action is taken to recover overdue debts. Before providing advances or loans to counterparties, the management of the Group and the Company have obtained an understanding to the credit background of the counterparties and undertaken an internal credit approval process. The management of the Group and the Company have taken into the economic outlook of the industries in which the debtors operate and reviewed the recoverable amount of each amount at the end of each reporting period to ensure that adequate impairment losses were recognized for irrecoverable debt. After considering the financial position of subsidiaries of the Company, historical settlement records, and also the forward-looking information, the management of Company assessed the credit risk arising from the non-trade amounts due from subsidiaries of the Company is insignificant and therefore no loss allowance was recognized.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and Company's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilization of borrowings, continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for financial liabilities and lease liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

The Group

	As at December 31, 2023					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	4.40%	–	71,528	–	71,528	70,006
Trade payables, other payables and other liabilities						
—interest-free	–	1,051	11,936	–	12,987	12,987
Paid-in capital with preferred rights	10.00%	–	–	1,384,191	1,384,191	858,283
Lease liabilities	7.27%	1,373	3,787	7,356	12,516	11,681
		2,424	87,251	1,391,547	1,481,222	952,957

	As at December 31, 2024					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	4.00%	–	99,115	3,240	102,355	100,172
Trade payables, other payables and other liabilities						
– interest-free	–	68,463	14,873	–	83,336	83,336
– interest-bearing	8.00%	–	53,614	–	53,614	50,333
Convertible loan notes	0.5%	–	–	15,300	15,300	11,887
Paid-in capital with preferred rights	10.00%	–	–	1,563,346	1,563,346	1,089,717
Lease liabilities	5.03%	15,534	46,778	134,908	197,220	187,017
		83,997	214,380	1,716,794	2,015,171	1,522,462

	As at December 31, 2025					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	3.20%	–	182,941	–	182,941	180,082
Trade payables, other payables and other liabilities	–	88,832	52,508	–	141,340	141,340
Convertible loan notes	0.5%	–	–	15,300	15,300	13,673
Paid-in capital with preferred rights	10.00%	–	2,073,164	–	2,073,164	1,678,493
Lease liabilities	4.09%	69,603	216,534	727,569	1,013,706	957,363
		158,435	2,525,147	742,869	3,426,451	2,970,951

	As at June 30, 2026					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	3.01%	–	209,077	–	209,077	206,000
Trade payables, other payables and other liabilities	–	156,817	80,269	–	237,086	237,086
Ordinary shares with preferred rights	10.00%	–	–	2,956,731	2,956,731	3,244,811
Lease liabilities	4.09%	71,252	339,250	1,156,107	1,566,609	1,480,034
		228,069	628,596	4,112,838	4,969,503	5,167,931

The Company

	As at December 31, 2023					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	4.40%	–	71,528	–	71,528	70,006
Trade payables, other payables and other liabilities						
– interest-free	–	22,794	87,688	–	110,482	110,482
Paid-in capital with preferred rights	10.00%	–	–	1,384,191	1,384,191	858,283
Lease liabilities	7.27%	1,373	3,750	7,283	12,406	11,602
		24,167	162,966	1,391,474	1,578,607	1,050,373

	As at December 31, 2024					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	4.00%	–	99,115	3,240	102,355	100,172
Trade payables, other payables and other liabilities						
– interest-free	–	109,483	82,880	–	192,363	192,363
– interest-bearing	8.00%	–	53,614	–	53,614	50,333
Convertible loan notes	0.5%	–	–	15,300	15,300	11,887
Paid-in capital with preferred rights	10.00%	–	–	1,563,346	1,563,346	1,089,717
Lease liabilities	5.03%	2,789	6,832	23,016	32,637	30,794
		112,272	242,441	1,604,902	1,959,615	1,475,266

	As at December 31, 2025					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	3.20%	–	182,941	–	182,941	180,082
Trade payables, other payables and other liabilities						
– interest-free	–	135,676	88,305	–	223,981	223,981
Convertible loan notes	0.5%	–	–	15,300	15,300	13,673
Paid-in capital with preferred rights	10.00%	–	2,073,164	–	2,073,164	1,678,493
Lease liabilities	4.09%	40,197	73,830	370,558	484,585	456,229
		175,873	2,418,240	385,858	2,979,971	2,552,458

	As at June 30, 2026					
	Weighted average effective interest rate	On demand or within 3 months	3 months to 1 year	1 year to 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	3.01%	–	209,077	–	209,077	206,000
Trade payables, other payables and other liabilities						
– interest-free	–	185,339	100,569	–	285,908	285,908
Ordinary shares with preferred rights	10.00%	–	–	2,956,731	2,956,731	3,244,811
Lease liabilities	4.09%	61,682	171,490	844,985	1,078,157	1,018,126
		247,021	481,136	3,801,716	4,529,873	4,754,845

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value of the Group's and the Company's financial assets and financial liabilities that are measured at fair value

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair value at 31/12/2023					
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Significant unobservable input**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial liabilities at FVTPL	–	–	862,611	862,611	*Note 29*	*Note 29*
Total liabilities measured at fair value	–	–	862,611	862,611		

	Fair value at 31/12/2024					
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Significant unobservable input**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial assets at FVTOCI	–	–	5,695	5,695	*Note i*	*Note i*
Total assets measured at fair value	–	–	5,695	5,695		
Financial liabilities at FVTPL	–	–	1,129,634	1,129,634	*Note 29*	*Note 29*
Total liabilities measured at fair value	–	–	1,129,634	1,129,634		

	Fair value at 31/12/2025					
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Valuation technique**	**Significant unobservable input**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial assets at FVTPL	–	–	5,000	5,000	*Note i*	*Note i*
Total assets measured at fair value	–	–	5,000	5,000		
Financial liabilities at FVTPL	–	–	1,692,166	1,692,166	*Note 29*	*Note 29*
Total liabilities measured at fair value	–	–	1,692,166	1,692,166		

Description	Fair value at 30/06/2026				Valuation technique	Significant unobservable input
	Level 1	Level 2	Level 3	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Financial assets at FVTPL	–	–	8,000	8,000	*Note i*	*Note i*
Total assets measured at fair value	–	–	8,000	8,000		
Financial liabilities at FVTPL	–	–	3,244,811	3,244,811	*Note 29*	*Note 29*
Total liabilities measured at fair value	–	–	3,244,811	3,244,811		

Note i: The fair value of equity instruments at FVTOCI and financial assets at FVTPL are calculated according to net assets value and recent transaction price, the significant unobservable input is the net assets value of the underlying investments. The higher the net assets value of the underlying investments, the higher the fair value of equity instruments at FVTOCI and financial assets at FVTPL will be.

For equity instruments at FVTOCI, the sensitivity analysis is performed based on the exposure to equity price risk at the end of each reporting period. If the prices of the respective financial instruments had increased/decreased by 5% with all other variables held constant, the other comprehensive expense for the year ended December 31, 2024 would decrease/increase by RMB285,000.

For financial assets at FVTPL, the sensitivity analysis is performed based on the exposure to equity price risk at the end of each reporting period. If the prices of the respective financial instruments had increased/decreased by 5% with all other variables held constant, the post-tax loss for the year ended December 31, 2025 would decrease/increase by RMB250,000. If the prices of the respective financial instruments had increased/decreased by 5% with all other variables held constant, the post-tax loss for the six months ended June 30, 2026 would decrease/increase by RMB400,000.

Reconciliation of Level 3 fair value measurements

Equity instruments at FVTOCI

	RMB'000
As at January 1, 2023 and December 31, 2023	–
Additions	7,125
Changes in fair value	(1,430)
As at December 31, 2024	5,695
Changes in fair value	1,790
Disposal	(7,485)
As at December 31, 2025 and June 30, 2026	–

Financial assets at FVTPL

	RMB'000
As at January 1, 2023, December 31, 2023 and 2024	–
Additions	5,000
As at December 31, 2025	5,000
Additions	3,000
As at June 30, 2026	8,000

Financial liabilities at FVTPL

	Warrants	**Paid-in capital/ ordinary shares with preferred rights**	**Convertible loan notes**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	3,416	394,086	–	397,502
Exercise of Warrants	(3,416)	3,416	–	–
Issue of paid-in capital with preferred rights	–	265,445	–	265,445
Changes in fair value of paid-in capital with preferred rights and Warrants	4,328	195,336	–	199,664
As at December 31, 2023	4,328	858,283	–	862,611
Changes in fair value of paid-in capital with preferred rights and Warrants	23,702	231,434	–	255,136
Issue of convertible loan notes	–	–	15,000	15,000
Changes in fair value of convertible loan notes	–	–	(3,113)	(3,113)
As at December 31, 2024	28,030	1,089,717	11,887	1,129,634
Exercise of Warrants	(28,030)	28,030	–	–
Issue of paid-in capital with preferred rights	–	323,000	–	323,000
Changes in fair value of paid-in capital with preferred rights	–	237,746	–	237,746
Changes in fair value of convertible loan notes	–	–	1,786	1,786
As at December 31, 2025	–	1,678,493	13,673	1,692,166
Issue of ordinary shares with preferred rights	–	500,000	–	500,000
Changes in fair value of paid-in capital/ordinary shares with preferred rights	–	1,066,318	–	1,066,318
Repayments of convertible loan notes	–	–	(15,108)	(15,108)
Changes in fair value of convertible loan notes	–	–	1,435	1,435
As at June 30, 2026	–	3,244,811	–	3,244,811

Fair value of the Group's and the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The financial assets and liabilities at amortized cost include: cash and cash equivalents, restricted bank deposits, trade receivables, bill receivables, other receivables, borrowings, trade payables, and other payables. Apart from non-current other receivables and borrowings, the carrying amounts of other financial assets and liabilities approximate to their fair values due to short-term periods.

The fair value of non-current other receivables and borrowings are determined by the present value of the future cash flow specified in the contract, discounted rate with comparable credit rating in the market and providing almost the same cash flow under the same conditions. Their carrying amounts approximate to their fair values.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowings	Loan from a shareholder	Financial liabilities at FVTPL	[REDACTED]	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	60,367	–	397,502	**[REDACTED]**	457,869
Financing cash flows	(1,390)	6,991	–	265,445	**[REDACTED]**	271,046
Interest expenses accrued	363	2,648	–	–	**[REDACTED]**	3,011
New leases	12,708	–	–	–	**[REDACTED]**	12,708
Fair value changes	–	–	–	199,664	**[REDACTED]**	199,664
At December 31, 2023	11,681	70,006	–	862,611	**[REDACTED]**	944,298
Financing cash flows	(21,858)	25,866	50,000	15,000	**[REDACTED]**	69,008
Interest expenses accrued	5,144	4,300	333	–	**[REDACTED]**	9,777
New leases	192,050	–	–	–	**[REDACTED]**	192,050
Fair value changes	–	–	–	252,023	**[REDACTED]**	252,023
At December 31, 2024	187,017	100,172	50,333	1,129,634	**[REDACTED]**	1,467,156
Financing cash flows	(135,557)	75,812	(53,281)	323,000	**[REDACTED]**	209,568
Interest expenses accrued	35,876	4,098	2,948	–	**[REDACTED]**	42,922
New leases	873,260	–	–	–	**[REDACTED]**	873,260
Lease terminations	(3,233)	–	–	–	**[REDACTED]**	(3,233)
Fair value changes	–	–	–	239,532	**[REDACTED]**	239,532
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
At December 31, 2025	957,363	180,082	–	1,692,166	**[REDACTED]**	2,830,305
Financing cash flows	(190,004)	23,137	–	484,892	**[REDACTED]**	316,305
Interest expenses accrued	32,461	2,781	–	–	**[REDACTED]**	35,242
New leases	680,214	–	–	–	**[REDACTED]**	680,214
Fair value changes	–	–	–	1,067,753	**[REDACTED]**	1,067,753
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
At June 30, 2026	1,480,034	206,000	–	3,244,811	**[REDACTED]**	4,932,658
At January 1, 2025(audited)	187,017	100,172	50,333	1,129,634	**[REDACTED]**	1,467,156
Financing cash flows	(57,393)	6,136	–	90,000	**[REDACTED]**	38,743
Interest expenses accrued	14,140	1,864	2,000	–	**[REDACTED]**	18,004
New leases	787,391	–	–	–	**[REDACTED]**	787,391
Lease terminations	(3,233)	–	–	–	**[REDACTED]**	(3,233)
Fair value changes	–	–	–	178,190	**[REDACTED]**	178,190
At June 30, 2025(unaudited)	927,922	108,172	52,333	1,397,824	**[REDACTED]**	2,486,251

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The Group

Details of the subsidiaries directly and indirectly held by the Company are set out below.

Name of subsidiaries	Date of establishment/ incorporation	Place of establishment/ incorporation/ registration of operations	Paid up capital/share capital				Proportion ownership interest held by the Company				Date of this report	Company abbreviation	Principal activities	Notes
			At December 31,			At June 30,	At December 31,			At June 30,				
			2023	2024	2025	2026	2023	2024	2025	2026				
			(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	%	%	%	%	%			
Shanghai Shuzhong Technology Co., Ltd. *(Note i)* (上海數中科技有限公司)	March 10, 2017	PRC *(Note ii)*	10,000	10,000	10,000	10,000	100	100	100	100	[100]	Shanghai Shuzhong	Provision of research, development and sales of intelligent hardware and software	*c*
Shandong Yatu Software Technology Co., Ltd. *(Note i)* (山東雅圖軟件科技有限公司)	December 25, 2015	PRC *(Note ii)*	10,000	10,000	10,000	10,000	100	100	100	100	[100]	Shandong Yatu	Provision of research, development and sales of intelligent hardware and software	*c*
Jiuzhang Yunjing (Shandong) Information Technology Co., Ltd. *(Note i)* (九章雲景(山東)信息科技有限公司)	June 28, 2020	PRC *(Note ii)*	20,000	20,000	20,000	20,000	100	100	100	100	[100]	Jiuzhang Yunjing	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
Beijing Zhongshu Tianyuan Information Technology Co., Ltd. *(Note i)* (北京中數天元信息科技有限公司)	November 11, 2022	PRC *(Note ii)*	5,000	5,000	5,000	5,000	100	100	100	100	[100]	Zhongshu Tianyuan	Provision of research, development and sales of intelligent hardware	*a*
Jiuzhang Yunzhi Technology Co., Ltd. *(Note i)* (九章雲智科技有限公司)	September 14, 2023	PRC *(Note ii)*	50,000	51,000	51,000	51,000	100	100	100	100	[100]	Jiuzhang Yunzhi	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*b*
Anhui Jiuzhang Intelligent Computing Information Technology Co., Ltd. *(Note i)* (安徽九章智算信息科技有限公司)	November 17, 2023	PRC *(Note ii)*	–	–	10,000	10,000	100	100	100	100	[100]	Jiuzhang Anhui	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
Huangshan Jiuzhang Yunzhi Technology Co., Ltd. *(Note i)* (黃山九章雲智科技有限公司)	December 12, 2024	PRC *(Note ii)*	–	–	36,000	40,000	–	100	100	100	[100]	Jiuzhang Huangshan	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
Beijing Jiuzhang Yunzhi Technology Co., Ltd. *(Note i)* (北京九章雲智科技有限公司)	February 19, 2024	PRC *(Note ii)*	–	–	–	510	–	100	100	51	[67]	Beijing Jiuzhang Yunzhi	Development and sales of intelligent software	*c*
Beijing Yizhang Technology Co., Ltd. *(Note i)* (北京一章科技有限公司)	March 26, 2024	PRC *(Note ii)*	–	–	–	7,600	–	100	100	48.76 *(Note iv)*	[44.89] *(Note iv)*	Beijing Yizhang	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
Suzhou Jiuzhang Yunzhi Technology Co., Ltd. *(Note i)* (蘇州九章雲智科技有限公司)	April 25, 2024	PRC *(Note ii)*	–	–	–	–	–	100	100	100	[100]	Suzhou Jiuzhang	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*

Name of subsidiaries	Date of establishment/ incorporation	Place of establishment/ incorporation/ registration of operations	Paid up capital/share capital				Proportion ownership interest held by the Company				Date of this report	Company abbreviation	Principal activities	Notes
			At December 31,			At June 30,	At December 31,			At June 30,				
			2023	2024	2025	2026	2023	2024	2025	2026				
			(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	%	%	%	%	%			
Wuxi Jiuzhang Yunzhi Information Technology Co., Ltd. *(Note i)* (無錫九章雲智信息科技有限公司)	April 30, 2024	PRC *(Note ii)*	–	–	–	–	–	100	100	100	[100]	Wuxi Jiuzhang	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
Shandong Jiuzhang Yunzhi Artificial Intelligence Co., Ltd. *(Note i)* (山東九章雲智人工智能有限公司)	February 13, 2025	PRC *(Note ii)*	–	–	–	–	–	–	100	100	[100]	Shandong Jiuzhang	Provision of research and development and sales of intelligent hardware and software, AIDCs operation	*c*
DATACANVAS INTERNATIONAL PTE. LTD.	December 20, 2024	Singapore	–	–	–	–	–	100	100	100	[100]	N/A	Provision of research, development and sales of intelligent hardware	*c*
Nanjing Jiuzhang Yunzhi Technology Co., Ltd. *(Note i)* (南京九章雲智科技有限公司)	April 14, 2026	PRC *(Note ii)*	–	–	–	–	–	–	–	100	[100]	Nanjing Jiuzhang	Provision of research, development and sales of intelligent hardware and software, AIDCs operation	*c*
DATACANVAS HK TECHNOLOGY CO., LIMITED (香港九章雲極科技有限公司)	May 4, 2026	Hong Kong	–	–	–	9	–	–	–	100	[100]	N/A	Provision of research, development and sales of intelligent hardware	*c*
Oriental Pacific Consultancy Limited *(Note iii)* (盛嘉顧問有限公司)	June 12, 2017	Hong Kong	–	–	–	9	–	–	–	100	[100]	OPCL	Investment holding	*N/A*

Note i: The English names of these entities registered in the PRC represent the best efforts made by management of the Company to directly translate their Chinese names as they did not register any official English names.

Note ii: Limited liability company established in the PRC.

Note iii: OPCL was acquired by DATACANVAS HK TECHNOLOGY CO., LIMITED in June 2026 and became a wholly-owned subsidiary of the Group.

Note iv: As at June 30, 2026, Beijing Jiuzhang Yunzhi and OPCL held 76% and 10% of the equity interests in Beijing Yizhang, respectively, and Beijing Jiuzhang Yunzhi controls Beijing Yizhang through its 76% of ownership interests held in Beijing Yizhang. Besides, the Company directly held 51% of the equity interests in Beijing Jiuzhang Yunzhi and controls Beijing Jiuzhang Yunzhi accordingly. As a result, the Company indirectly controls Beijing Yizhang through its effective shareholding in Beijing Yizhang.

Subsequent to the end of the Track Record Period, the Company and a third party transferred 51% and 16% of the equity interests in Beijing Jiuzhang Yunzhi, respectively, to OPCL. After the transfer, OPCL directly held 67% of the equity interests in Beijing Jiuzhang Yunzhi and controlled Beijing Jiuzhang Yunzhi accordingly. After OPCL's transfer of its 10% equity interests in Beijing Yizhang to Beijing Jiuzhang Yunzhi and Beijing Yizhang's increase of its registered capital to its shareholders, Beijing Jiuzhang Yunzhi held 67% of the equity interests in Beijing Yizhang. Besides, the Company indirectly held 100% of the equity interests in OPCL and controlled OPCL accordingly. As a result, the Company's control in Beijing Yizhang remained unchanged as at the date of this report.

Notes:

(a) The statutory financial statements of the entity for the year ended December 31, 2023 were prepared in accordance with the China Accounting Standards for Business Enterprises and financial regulations applicable in the PRC and were audited by Rongcheng Certified Public Accountants (Special General Partnership), certified public accountants registered in the PRC. No audited statutory financial statements of the entity have been prepared for the years ended December 31, 2024 and December 31, 2025.

(b) The statutory financial statements of the entity for the year ended December 31, 2023 were prepared in accordance with the China Accounting Standards for Business Enterprises and financial regulations applicable in the PRC and were audited by Yongtuo Certified Public Accountants (Special General Partnership), certified public accountants registered in the PRC. No audited statutory financial statements of the entity have been prepared for the years ended December 31, 2024 and December 31, 2025.

(c) No audited statutory financial statements of these entities have been prepared for the period from January 1, 2023 to June 30, 2026.

None of the subsidiaries had issued any debt securities during the Track Record Period.

The Company

As at December 31, 2023, interests in subsidiaries represented the aggregate amounts of capital injection paid to Jiuzhang Yunzhi of RMB50,000,000, Shanghai Shuzhong of RMB10,000,000, Shandong Yatu of RMB10,000,000, Jiuzhang Yunjing of RMB20,000,000, and Zhongshu Tianyuan of RMB5,000,000, less the impairment loss of RMB10,000,000 for investment in Shanghai Shuzhong, RMB10,000,000 for investment in Shandong Yatu, and RMB5,000,000 for investment in Zhongshu Tianyuan.

As at December 31, 2024 and December 31, 2025, interests in subsidiaries represented the aggregate amounts of capital injection paid to Jiuzhang Yunzhi of RMB51,000,000, Shanghai Shuzhong of RMB10,000,000, Shandong Yatu of RMB10,000,000, Jiuzhang Yunjing of RMB20,000,000, and Zhongshu Tianyuan of RMB5,000,000, less the impairment loss of RMB10,000,000 for Shanghai Shuzhong, RMB10,000,000 for investment in Shandong Yatu, and RMB5,000,000 for investment in Zhongshu Tianyuan.

As at June 30, 2026, interests in subsidiaries represented the aggregate amounts of capital injection paid to Jiuzhang Yunzhi of RMB51,000,000, Shanghai Shuzhong of RMB10,000,000, Shandong Yatu of RMB10,000,000, Jiuzhang Yunjing of RMB20,000,000, Beijing Jiuzhang Yunzhi of RMB510,000, DATACANVAS HK TECHNOLOGY CO., LIMITED of HKD10,000 and Zhongshu Tianyuan of RMB5,000,000, less the impairment loss of RMB10,000,000 for Shanghai Shuzhong, RMB10,000,000 for investment in Shandong Yatu, and RMB5,000,000 for investment in Zhongshu Tianyuan.

46. [EVENTS AFTER THE TRACK RECORD PERIOD]

[There is no significant event taking place subsequent to the end of the Track Record Period.]

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

APPENDIX IIA [REDACTED]

[REDACTED]

SHARES

The shares of the Company shall take the form of share certificates.

The issuance of shares of the Company shall comply with the principle of openness, fairness and justice, and each share shall have equal rights.

Shares of the same class issued at the same time shall be issued on the same terms and at the same price per share. Any entity or individual subscribing for the shares shall pay the same price for each share.

INCREASE OF SHARE CAPITAL

The Company may, in light of the needs of its business operation and development and in accordance with the requirements of laws and regulations, increase its capital by separate resolutions of the general meeting in the following manners:

(I) public issuance of shares;

(II) non-public issuance of shares;

(III) distribution of bonus shares to existing shareholders;

(IV) converting the reserve funds into share capital;

(V) other means as stipulated by laws, administrative regulations and other relevant regulatory authorities such as the CSRC, the securities regulatory authorities and the stock exchanges of the place where the Company's shares are **[REDACTED]**.

The Company shall increase its registered capital in compliance with the procedures stipulated by relevant laws and regulations, after having been approved in accordance with the Articles of Association and the regulations of the place where the Company's shares are **[REDACTED]**.

REDUCTION OF SHARE CAPITAL

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law, the Hong Kong Listing Rules, other relevant regulations and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, as well as other relevant provisions and the Articles of Association.

REPURCHASE OF SHARES

The Company shall not repurchase its own shares. However, under the following circumstances, the Company may repurchase its own shares in accordance with laws, administrative regulations, departmental rules and the Articles of Association:

(I) to reduce the Company's registered capital;

(II) to merge with other companies holding the Company's shares;

(III) to use shares for employee stock ownership plans or equity incentives;

(IV) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a general meeting upon their request;

(V) to use the shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;

(VI) when it is necessary for a **[REDACTED]** company to maintain corporate value and the interest of its shareholders;

(VII) other circumstances stipulated by laws, administrative regulations and approved by the CSRC and the securities regulatory authorities of the place where the Company's shares are **[REDACTED]**.

The acquisition of its own shares by the Company shall be carried out through open centralized trading, or by other means prescribed by laws and administrative regulations, or recognized by the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the CSRC (if necessary).

TRANSFER OF SHARES

The Company's shares can be transferred pursuant to the law.

All transfers of H Shares shall be effected by an instrument of transfer in writing in the usual or common form or in any other form acceptable to the board of directors (including standard transfer format or ownership transfer form prescribed by the Hong Kong Stock Exchange from time to time) and such instrument of transfer may be executed only by hand or under a valid corporate seal (if the transferor or transferee is a corporation). If the transferor or transferee of the shares of the Company is a recognized clearing house as defined in the relevant ordinance in force from time to time under the laws of Hong Kong (hereinafter referred to as "**Recognized Clearing House**") or its proxies, the written instrument of transfer may be executed by hand or by machine imprint. All instruments of transfer shall be deposited at the legal address of the Company or at such address as the board of directors shall from time to time designate.

Shares issued by the Company prior to the **[REDACTED]** of shares shall not be transferred within one year from the date of **[REDACTED]** and **[REDACTED]** of the Company's shares on the stock exchange. Where laws, administrative regulations, the CSRC, the Hong Kong Listing Rules or the laws and securities regulatory rules of the place where the Company's shares are **[REDACTED]** otherwise provide for the transfer of shares of the Company held by the shareholders, such provisions shall prevail.

Directors and senior management members of the Company shall declare to the Company the shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of shares held by them in the Company each year during their term of office as determined when they assume the posts; their shareholding in the Company shall not be transferred within one year from the date of **[REDACTED]** and **[REDACTED]** of the Company's shares. The Company's shares held by the above-mentioned personnel shall not be transferred within half a year after their departure from office. If the Hong Kong Listing Rules, the laws of the place where the Company's shares are **[REDACTED]**, or the relevant provisions of the securities regulatory rules have other provisions on the transfer restriction of overseas **[REDACTED]** shares, such provisions shall prevail.

Where the Company's shareholders, directors and senior management members holding 5% or more of shares sell the Company's shares or other securities with equity nature held by them within six months after purchase or purchase the same within six months after sale, the proceeds thereof shall belong to the Company, and the board of directors of the Company will take back such proceeds (except when the shareholder is a Recognized Clearing House as defined under the laws of the place where the Company's shares are **[REDACTED]** or the securities regulatory rules in force from time to time). However, this does not apply to securities companies, **[REDACTED]** and **[REDACTED]** hold more than 5% of the shares due to the purchase of the remaining shares after **[REDACTED]**, or to other circumstances stipulated by the CSRC or the securities regulatory authorities in the place where the Company's shares are **[REDACTED]**.

The shares or other securities in equity nature held by the directors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities in equity nature held by their spouses, parents, children and held through others' accounts.

SHAREHOLDERS

The Company shall establish a register of members in accordance with the Company Law, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** as well as other relevant regulations and the Articles of Association, and the certificates provided by the securities registration and clearing institution. The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. When the Company convenes a general meeting, distributes dividends, carries out liquidation or other matters requiring the identification of shareholders, the board of directors or the convener of the general meeting shall determine the record date, and the shareholders registered on the register of members following close of **[REDACTED]** on the record date shall be entitled to the relevant rights and interests.

Shareholders of the Company shall be entitled to the following rights:

(I) to receive dividends and other forms of profit distributions in accordance with the proportion of the shares they hold;

(II) to request, convene, preside over, attend or appoint a shareholder's proxy to attend general meetings in accordance with the laws, and to exercise the corresponding voting rights, except where individual shareholders are required by the Hong Kong Listing Rules to abstain from voting on particular matters (including but not limited to where a shareholder has a material interest in a particular transaction or arrangement in respect of which the vote is being taken);

(III) to supervise the Company's business operations and make recommendations or queries;

(IV) to transfer, grant or pledge the shares of the Company they hold in accordance with the provisions of the law, administrative regulations, the Hong Kong Listing Rules and the Articles of Association;

(V) to inspect the Articles of Association, register of members, minutes of general meetings, resolutions of board meetings, financial and accounting reports. Shareholders who meet the prescribed conditions may inspect the accounting books and vouchers of the Company;

(VI) to participate in the distribution of the remaining assets of the Company in the event of its termination or liquidation in accordance with the proportion of the shares they hold;

(VII) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a general meeting upon their request;

(VIII) other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

The shareholders of the Company shall assume the following obligations:

(I) to comply with the law, administrative regulations, securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association;

(II) to contribute share capital according to the shares subscribed for and share participation methods;

(III) not to withdraw its share capital unless in the circumstances stipulated by laws and regulations;

(IV) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders; and not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to jeopardize the interests of any creditors of the Company.

(V) other obligations to be assumed as stipulated by laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

Shareholders of the Company who abuse their shareholders' rights and thereby causing damage to the Company or other shareholders shall be liable for indemnity according to the laws. Where shareholders of the Company abuse the status of the Company as an independent legal person and the limited liability of shareholders for the purpose of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Shareholders of the Company shall not use their related (connected) relationship to the detriment of the interests of the Company. Anyone who violates the preceding provision and causes losses to the Company shall be liable for compensation.

GENERAL PROVISIONS FOR THE GENERAL MEETING

The general meeting is the authority of power of the Company and shall exercise the following functions and powers in accordance with the law:

(I) to elect and replace directors who are not employee representatives and to decide on matters in relation to the remuneration of directors;

(II) to consider and approve the report of the board of directors;

(III) to consider and approve the Company's proposed annual financial budget and final accounts;

(IV) to consider and approve the Company's plans for profit distribution and loss recovery;

(V) to resolve on the increase or reduction of the registered capital of the Company;

(VI) to resolve on the issuance of corporate bonds;

(VII) to resolve on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(VIII) to amend the Articles of Association;

(IX) to resolve on the engagement and dismissal of the accounting firm providing audit services for the Company;

(X) to consider and approve the specific guarantees as provided in the Articles of Association;

(XI) to consider the purchase or sales of material assets by the Company within one year that exceeds 30% of total assets of the Company in its latest audited accounts;

(XII) to consider and approve transactions between the Company and its related (connected) parties that meet the requirements for approval by the general meeting under the Hong Kong Listing Rules (except those exempted by the Hong Kong Stock Exchange);

(XIII) to consider and approve matters regarding the change of use of **[REDACTED]**;

(XIV) to consider share incentive schemes and employee stock ownership plan;

(XV) to consider other matters that shall be decided by the general meeting as prescribed by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and relevant securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

The general meeting may authorize the board of directors to make resolutions on the issuance of corporate bonds. The Company may issue shares and convertible bonds authorized by a resolution of the general meeting or by a resolution of the board of directors authorized by the Articles of Association or the general meeting, and the specific execution shall comply with the provisions of laws, administrative regulations, the CSRC, and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

CONVENING OF GENERAL MEETINGS

The general meetings shall be convened by the board of directors in accordance with law.

Subject to the consent of more than half of all the independent non-executive directors, the independent non-executive directors shall have the right to propose the board of directors to convene an extraordinary general meeting. In response to a proposal by independent non-executive directors to convene an extraordinary general meeting, the board of directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, other securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the proposal. If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made; if the board of directors does not agree to convene an extraordinary general meeting, it shall state the reasons and make an announcement.

The audit committee shall have the right to propose to the board of directors the convening of an extraordinary general meeting and shall submit the proposal in writing to the board of directors. The board of directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the proposal.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the meeting within five days after a resolution of the board of directors is made, and any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors does not agree to convene an extraordinary general meeting or failed to provide feedback within ten days after receiving the proposal, it shall be deemed that the board of directors is unable to perform or does not perform its duty to convene a general meeting, and the audit committee may convene and preside over such meeting on its own initiative.

Shareholders who individually or collectively hold 10% or more of the Company's shares (for this purpose, the total number of the Company's shares excludes treasury shares) shall have the right to request the board of directors to convene an extraordinary general meeting and shall submit the request in writing to the board of directors. The board of directors shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten days after receiving the request.

If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within five days after a resolution of the board of directors is made, and any changes to the original request in the notice shall be subject to the consent of the shareholders who proposed the convening of the extraordinary general meeting.

If the board of directors does not agree to convene an extraordinary general meeting or failed to provide feedback within ten days after receiving the request, shareholders who individually or collectively hold 10% or more of the Company's shares shall have the right to propose to the audit committee that an extraordinary general meeting be convened and shall submit their request in writing to the audit committee.

If the audit committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene the general meeting within five days after receiving the request, and any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the audit committee fails to issue the notice of general meeting within the prescribed period, it shall be deemed that the audit committee would not convene and preside over the general meeting, and shareholders who individually or collectively hold 10% or more of the Company's shares for ninety or more consecutive days may convene and preside over the meeting on their own initiative. Where laws, administrative regulations, departmental rules and the relevant rules of the securities regulatory authorities in the place where the Company's shares are **[REDACTED]** otherwise require, those provisions shall prevail.

PROPOSALS AND NOTICES OF GENERAL MEETINGS

The contents of proposals of the general meeting shall fall within the scope of the functions and powers of the general meeting, have clear topics and specific matters for resolution, and comply with the relevant provisions of laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

When the Company convenes a general meeting, the board of directors, the audit committee and shareholders who individually or collectively hold 1% or more of the Company's shares shall be entitled to submit proposals to the Company.

Shareholders who individually or collectively hold 1% or more of the Company's shares may make a provisional proposal and submit it in writing to the convener ten days before the date of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announcing the content of the provisional proposal in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, and the provisional proposal shall be submitted to the general meeting for consideration. Regarding the publication of supplementary notice of general meeting, if the securities regulatory rules of the place where the Company's shares are **[REDACTED]** have special provisions, such provisions shall prevail without violating the Company Law and the Securities Law, unless the provisional proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the general meeting. If, according to the securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the general meeting shall be postponed due to the publication of a supplementary notice, the meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The convener shall notify all shareholders of the time, venue and matters to be considered at the meeting by way of written notice (including announcement) 20 days before the annual general meeting and shall notify all shareholders by way of written notice (including announcement) 15 days before the extraordinary general meeting. If laws, regulations, the securities regulatory authorities or the stock exchanges of the place where the Company's shares are **[REDACTED]** provide otherwise, such provisions shall prevail.

HOLDING OF GENERAL MEETINGS

All shareholders legally registered on the record date in accordance with the securities regulatory rules of the place where the Company's shares are **[REDACTED]** or their proxies are entitled to attend the general meeting, and exercise their voting rights in accordance with the relevant laws, regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association (unless individual shareholders are required to abstain from voting on specific matters under securities regulatory rules of the place where the Company's shares are **[REDACTED]**).

A shareholder may attend a general meeting in person or appoint a proxy to attend and vote on his/her behalf. Each shareholder is entitled to appoint one or more proxies or representatives who need not be shareholders of the Company. Shareholders have the right to speak and vote at the general meeting, except that certain shareholders may be required to abstain from voting on specific matters pursuant to the Hong Kong Listing Rules.

If an individual shareholder attends the meeting in person, he/she should present his/her identity card or other valid documents or proofs that can identify him/her; If he/she appoints proxy to attend the meeting, such proxy should present his/her own valid identity document and the power of attorney of the shareholder.

A corporate shareholder or non-corporate organization should attend a meeting through its legal representative, proxy appointed by the legal representative, or executive partner, proxy appointed by the executive partner. If the legal representative or executive partner attends the meeting, he/she shall present his/her identity card and valid certificates that can identify his/her qualification as the legal representative or executive partner. If a proxy attends the meeting on his/her behalf, the proxy shall present his/her identity card and the written power of attorney legally issued by the legal representative of the corporate shareholder or the executive partner of the non-corporate organization in accordance with the law (except for the Recognized Clearing House as defined in the laws or securities regulatory rules of the place where the Company's shares are **[REDACTED]** in force from time to time).

If a shareholder is a corporate shareholder, it may appoint one or more proxies or representatives to attend and vote at any general meeting of the Company, and if the corporate shareholder has appointed a proxy or representative to attend any meeting, it shall be deemed to be present in person.

Where such shareholder is a Recognized Clearing House as defined in the relevant laws and regulations or securities regulatory rules in force from time to time of the place where the Company's shares are **[REDACTED]** or its proxy(ies), such shareholder may authorize more than one persons as it thinks fit to act as its proxies or representatives at any general meeting. However, if two or more persons are so authorized, the power of attorney or authorization letter shall specify the number and class of shares in respect of which each such person is so authorized. The person so authorized may represent the

Recognized Clearing House (or its proxy) to exercise the statutory rights enjoyed by other shareholders, including the rights to speak and vote (without the need to show the shareholding certificate, notarized power of attorney and/or further evidence to prove that they have been duly authorized), as if such person were individual shareholder(s) of the Company.

VOTING AND RESOLUTIONS OF GENERAL MEETINGS

Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be passed by more than half of the voting rights represented by shareholders (including proxies) present at the general meeting.

Special resolutions of the general meeting shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders (including proxies) present at the general meeting.

The following matters shall be adopted by an ordinary resolution of the general meeting:

(I) work report of the board of directors;

(II) plans in relation to profit distribution and loss recovery prepared by the board of directors;

(III) appointment and removal of members of the board of directors and their remuneration and payment method thereof;

(IV) other matters other than those required to be decided by special resolutions under the law, administrative regulations, the Hong Kong Listing Rules or other securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association.

The following matters shall be adopted by a special resolution of the general meeting:

(I) increase or reduction of the Company's registered capital;

(II) division, merger, dissolution and liquidation of the Company;

(III) amendments to the Articles of Association;

(IV) purchase or sales of material assets of the Company or the amount of guarantees provided to others, exceeding 30% of the Company's latest audited total assets within one year;

(V) share incentive schemes;

(VI) other matters prescribed by laws, administrative regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place where the Company's shares are **[REDACTED]** or the Articles of Association, and those matters determined by a general meeting via ordinary resolution as having a material impact on the Company and are required to be adopted by a special resolution.

BOARD OF DIRECTORS

The Company shall have a board of directors which shall be accountable to the general meeting.

The board of directors shall consist of nine directors, including one (1) employee representative director, who shall be elected by the employees' congress, and the remaining directors shall be elected by the general meeting (including 3 independent non-executive directors, and at least one of whom shall possess appropriate professional qualifications or appropriate accounting or related financial management expertise that meets the requirements of the Hong Kong Listing Rules; all independent non-executive directors must possess the independence required under the Hong Kong Listing Rules).

The board of directors shall exercise the following functions and powers:

(I) to convene general meeting and report its works to the general meeting;

(II) to implement resolutions of the general meeting;

(III) to decide on the Company's operation plan and investment project;

(IV) to formulate the Company's proposed annual financial budget and final accounts;

(V) to formulate the Company's plans for profit distribution and loss recovery;

(VI) to formulate plans for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the **[REDACTED]** of the Company;

(VII) to formulate plans for major acquisitions of the Company, repurchase of the Company's own shares or mergers, division, dissolutions and changes in corporate form of the Company;

(VIII) to decide, within the scope of authorization of the general meeting, on matters such as external investments, acquisition and sale of assets, pledging of assets, external guarantee matters, entrusted wealth management, connected transactions and external donations of the Company;

(IX) to decide on the establishment of the internal management structure of the Company;

(X) to decide on the appointment or dismissal of the secretary of the Board, the general manager of the Company and other senior management members and to decide on their remuneration and rewards or penalties, and to decide on the appointment or dismissal of deputy general managers and financial controller of the Company base on the nomination of the general manager and to decide on their remuneration;

(XI) to formulate the basic management system of the Company;

(XII) to manage information disclosure matters of the Company;

(XIII) to formulate the plan of amendments to the Articles of Association;

(XIV) to submit to the general meeting a request for the engagement or replacement of the accounting firm providing audit services for the Company;

(XV) to listen to the work report of the general manager of the Company and inspect his/her work;

(XVI) other functions as authorized by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and other securities regulatory rules of the place where the Company's shares are **[REDACTED]**, the Articles of Association or general meeting.

The board meetings shall be divided into regular meetings and extraordinary meetings. The board meetings shall be convened at least four times per year, with one meeting held each quarter. Such meetings shall be convened by the chairman of the board of directors, and all directors shall be notified in writing ten days prior to the convening of the regular meeting.

Shareholders representing more than 1/10 of the voting rights, directors or the audit committee representing more than 1/3 may propose to convene an extraordinary meeting of the board of directors. The chairman of the board of directors shall convene and preside over such board meeting within ten days upon receipt of the proposal.

SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

The board of directors of the Company shall establish an audit committee, which shall exercise the powers of the board of supervisors as stipulated in the Company Law. The board of directors shall also be responsible for formulating the working rules of the audit committee to regulate the operation of the audit committee.

The audit committee shall comprise three members, all of whom shall be non-executive directors, including two independent non-executive directors, with the convener being an accounting professional among the independent non-executive directors.

The audit committee shall be responsible for reviewing the Company's financial information and its disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board meetings only after obtaining approval by a majority of all audit committee members:

(I) to disclose the financial information in financial and accounting reports and periodic reports, internal control assessment reports;

(II) to appoint or dismiss the accounting firm providing audit services for the **[REDACTED]** company;

(III) to appoint or dismiss the financial controller of the Company;

(IV) to make changes in accounting policies, accounting estimates or correct major accounting errors due to reasons other than changes in accounting standards;

(V) to review and assess the major connected (related) transactions of the Company;

(VI) to report to the board of directors and submit a written report to the board of directors at least once a year to report on the works of the audit committee;

(VII) other matters stipulated by laws, administrative regulations, the requirements of CSRC, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

The audit committee shall hold at least two regular meetings every year. The audit committee shall convene extraordinary meetings based on actual needs. Extraordinary meetings may be held upon request by two or more members or when the convener deems necessary. Audit committee meetings require attendance by at least two-thirds of members to constitute a quorum.

Resolutions of the audit committee shall require approval by a majority of its members.

Voting on resolutions of the audit committee shall be made on a one-person-one-vote basis.

The board of directors of the Company shall establish a nomination committee. The nomination committee shall have three members, more than half of which shall be independent non-executive directors. The convener (chairperson) of the nomination committee shall be the chairman of the board of directors or an independent non-executive director. The nomination committee is responsible for formulating the criteria and procedures for selection of directors and senior management members, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the board of directors on the following matters:

(I) to nominate or appoint and remove directors;

(II) to appoint or dismiss senior management members;

(III) other matters stipulated by laws, administrative regulations, the requirements of CSRC, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association;

(IV) If the board of directors fails to adopt or fully adopt the recommendations of the nomination committee, the board of directors shall record in its resolution the opinions of the nomination committee and the specific reasons for not adopting such opinions, and make corresponding disclosure.

The board of directors of the Company shall establish a remuneration committee. The remuneration committee shall have three members, more than half of which shall be independent non-executive directors, and the convener (chairperson) shall be an independent non-executive director. The remuneration committee is responsible for formulating the assessment criteria for directors and senior management members and conducting the assessment, preparing and reviewing the remuneration policies and plans for directors and senior management members such as the mechanism for determining the remuneration of directors and senior management members, the decision-making process, and the arrangements for payment, stop payment and recourse, and making recommendations to the board of directors on the following matters:

(I) remuneration of directors and senior management members;

(II) formulations or change of the share incentive schemes and employee stock ownership plans, and the conditions for the incentive objects to be granted with options and exercise options;

(III) arrangement of shareholding plans of directors and senior management in subsidiaries to be spun off;

(IV) other matters stipulated by laws, administrative regulations, the requirements of CSRC, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The Company shall have several deputy general managers. The specific number of deputy general managers shall be determined by the board of directors in light of the operation of the Company. The deputy general managers shall be appointed or dismissed by the board of directors.

The general manager shall be accountable to the board of directors and perform the following duties and powers:

(I) to preside over the production and operation management works of the Company, organize the implementation of resolutions of board of directors and report his/her works to the board of directors;

(II) to organize the implementation of the Company's annual operation plan and investment projects;

(III) to propose and draft the plan of the establishment of the internal management structure of the Company;

(IV) to propose and draft the basic management system of the Company;

(V) to formulate the specific regulations of the Company;

(VI) to propose to the board of directors the appointment or dismissal of deputy general managers and financial controller of the Company;

(VII) to decide on the appointment or dismissal of responsible management personnel other than those who should be appointed or dismissed by decision of the board of directors;

(VIII) other duties and powers granted by the Articles of Association or the board of directors.

The Company shall have a secretary to the board of directors, who shall be in charge of matters such as the preparation of general meetings and board meetings of the Company, the custody of documents and the management of the shareholders' information of the Company, and the handling of information disclosure matters.

FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions stipulated by the relevant authorities, the Hong Kong Listing Rules and the securities regulatory rules of the place where the Company's shares are **[REDACTED]**.

The Company shall adopt the calendar year as its accounting year, i.e. from January 1 to December 31.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

(I) the term of business provided for in the Articles of Association has expired or any other cause of dissolution provided for in the Articles of Association has occurred;

(II) dissolution has been resolved by the general meeting;

(III) the Company needs to be dissolved due to merger or division;

(IV) having its business license revoked, ordered to be shut down or be deregistered in accordance with the law;

(V) if the Company encounters serious difficulties in its operation and management, and its continued existence would cause substantial losses to the shareholders' interests, which cannot be resolved through other means, shareholders holding 10% or more of all the voting rights of the Company may request a people's court to dissolve the Company.

Where the Company is dissolved pursuant to the provisions of items (I), (II), (IV) and (V) above, a liquidation team shall be established within fifteen days from the date upon which the cause of dissolution arises, so as to initiate the liquidation process. The liquidation team shall be composed of directors or persons determined by the general meeting.

During the period of liquidation, the liquidation team shall exercise the following duties and powers:

(I) to dispose of the Company's property, and prepare a balance sheet and an inventory of property respectively;

(II) to notify and issue announcement to creditors;

(III) to deal with the outstanding business of the Company in connection with its liquidation;

(IV) to settle outstanding taxes and the taxes arising from the liquidation process;

(V) to clear up any claims and debts;

(VI) to deal with the remaining properties of the Company after clearing off of its debts;

(VII) to represent the Company in civil litigation activities.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association upon occurrence of any of the following circumstances:

(I) the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws and administrative regulations subsequent to the amendment of the Company Law, relevant laws and administrative regulations, the Hong Kong Listing Rules and the securities regulatory rules of the places where the Company's shares are **[REDACTED]**;

(II) there has been a change in the circumstances of the Company which is inconsistent with the matters recorded in the Articles of Association;

(III) the general meeting has decided to amend the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of changes shall be dealt with in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Establishment of Our Company

Our Company was established as a limited liability company in the PRC on February 26, 2013 and was converted into a joint stock limited company on February 12, 2026. Our registered office is located at 6th and 8th Floors, Block C, Building 1, Heying Center, 10 Xiaoying West Road, Haidian District, Beijing, PRC.

Our Company has established a place of business in Hong Kong at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•]. Ms. Choi Man Yee (蔡敏儀) has been appointed as our authorized representative for acceptance of service of process and notices in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As our Company is established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix III—Summary of Articles of Association."

2. Changes in the Share Capital of Our Company

Save as disclosed below, there has been no change in the share capital of our Company within the two years immediately preceding the date of this document:

(a) on July 1, 2025, the Registered Capital was increased from RMB43,382,490 to RMB44,857,929;

(b) on September 8, 2025, the Registered Capital was increased from RMB44,857,929 to RMB45,131,158;

(c) on November 3, 2025, the Registered Capital was increased from RMB45,131,158 to RMB47,316,994;

(d) on December 19, 2025, the Registered Capital was increased from RMB47,316,994 to RMB48,846,910; and

(e) on June 9, 2026, the Registered Capital was increased from RMB48,846,910 to RMB53,731,601.

3. Change in the Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in the Accountants' Report.

Saved as disclosed below, there has been no change in the capital of our subsidiaries within the two years immediately preceding the date of this document:

(a) on July 2, 2025, the registered capital of Huangshan Jiuzhang was increased from RMB20,000,000 to RMB40,000,000;

(b) on March 12, 2026, the registered capital of Wuxi Jiuzhang Yunzhi Information Technology Co., Ltd. (無錫九章雲智信息科技有限公司) was increased from RMB5,000,000 to RMB35,000,000;

(c) on April 14, 2026, Nanjing Jiuzhang Yunzhi Information Technology Co., Ltd. (南京九章雲智信息科技有限公司) was established in the PRC with a registered capital of RMB35,000,000.

(d) on April 16, 2026, the registered capital of Beijing Yizhang was increased from RMB1,000,000 to RMB10,000,000;

(e) on May 4, 2026, DataCanvas HK was incorporated in Hong Kong with a share capital of HK$10,000;

(f) on May 12, 2026, the registered capital of Huangshan Jiuzhang was increased from RMB40,000,000 to RMB63,000,000; and

(g) on July 27, 2026, the registered capital of Beijing Yizhang was increased from RMB10,000,000 to RMB20,000,000.

4. Resolutions of Our Shareholders

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders held on September 23, 2026, our Shareholders resolved that, among others:

(a) the sub-division of the Shares with a nominal value of RMB1.00 each on a one-for-ten basis, effective immediately prior to the **[REDACTED]**, and taking into account the Share Subdivision, the issue of H Shares with a nominal value of RMB0.1 each and such H Shares being **[REDACTED]** on the Stock Exchange;

(b) the number of H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**, and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than **[REDACTED]**% of the number of H Shares initially available under the **[REDACTED]**;

(c) the authorization for our Company to apply for H Share full circulation and to handle all related matters;

(d) subject to the completion of the **[REDACTED]**, the adoption of the Articles of Association which shall become effective on the **[REDACTED]**, and authorization to our Board to amend the Articles of Association to the extent necessary for the purpose of the **[REDACTED]**; and

(e) authorization of our Board or its authorized individual(s) to deal with all matters relating to the **[REDACTED]** and the **[REDACTED]**.

5. Restriction on Share Repurchase

For details of the restrictions on share repurchase by our Company, see "Appendix III—Summary of Articles of Association."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights

Set out below are the intellectual property rights which we consider material or may be material in relation to our business.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Owner
1.	九章云极	Our Company
2.	九章雲極	Our Company
3.	DataCanvas	Our Company
4.	DataCanvas	Our Company
5.	Alaya NeW Cloud	Our Company
6.		Our Company

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Patent name	Owner	Type	Application date	Place of registration
1.	Through 1-Degree Computing Power Measurement Intelligent Computing Center Computing Capability Method and Device (透過1度算力計量智能計算中心計算能力的方法及設備)	Our Company	Invention	September 3, 2024	PRC
2.	Method and Device for Providing Computing Resources of an Intelligent Computing Center Through Computing Power Packages (智能計算中心透過算力包提供算力資源的方法及設備)	Our Company	Invention	March 4, 2025	PRC
3.	Method and Device for Model Development of Intelligent Computing Centers Oriented Toward Accessible Computing Power (面向普惠算力的智能計算中心模型開發方法及裝置)	Our Company	Invention	December 19, 2024	PRC

No.	Patent name	Owner	Type	Application date	Place of registration
4.	Method and Device for Network Storage of Computing Resources on Intelligent Computing Center Cloud Platforms (智能計算中心雲平台的算力資源網絡存儲方法及裝置)	Our Company	Invention	July 9, 2025	PRC
5.	Method and Device for Garbage Deletion of Computing Resources in Intelligent Computing Centers Oriented Toward Accessible Computing Power (面向普惠算力智能計算中心算力資源垃圾刪除方法及裝置)	Our Company	Invention	March 6, 2025	PRC
6.	Method and System for Achieving Self-Evolution of Intelligent Agents Through Computing Power on Intelligent Computing Center Cloud Platforms (智能計算中心雲平台透過算力實現智能體自進化的方法及系統)	Our Company	Invention	June 10, 2025	PRC
7.	Method and Apparatus for Virtual Computing Power Pre-Allocation on Intelligent Computing Center Cloud Platforms (智能計算中心雲平台的虛擬算力預分配方法及裝置)	Our Company	Invention	July 3, 2025	PRC
8.	Method and Apparatus for Constructing Decentralized Intelligent Agent Networks Through Computing Power on Intelligent Computing Center Cloud Platforms (智能計算中心雲平台的算力構建去中心化智能體網絡的方法及裝置)	Our Company	Invention	June 24, 2025	PRC
9.	Method and Apparatus for Adaptive Compression and Transmission of Model Training Task Data Across Intelligent Computing Centers Providing Computing Power (跨提供算力的智能計算中心模型訓練任務數據自適應壓縮傳輸方法及裝置)	Our Company	Invention	June 12, 2025	PRC
10.	Method and Apparatus for Enhancing Static Routing of Computing Power Networks on Intelligent Computing Center Cloud Platforms (智能計算中心雲平台的算力網絡靜態路由增強方法及裝置)	Our Company	Invention	December 4, 2025	PRC

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we considered to be material to our business:

No.	Copyright name	Type of copyright	Registered owner	Registration number	Registration date
1.	DataCanvas Alaya NeW Intelligent Computing Operating System (DataCanvas Alaya NeW智算操作系統)	Software Copyright	Our Company	2025SR0587681	April 8, 2025
2.	DataCanvas Alaya NeW Elastic Container Platform (DataCanvas Alaya NeW彈性容器平台)	Software Copyright	Our Company	2025SR1173074	July 4, 2025
3.	DataCanvas Alaya NeW Large Model Development Platform (DataCanvas Alaya NeW大模型開發平台)	Software Copyright	Our Company	2025SR1173100	July 4, 2025
4.	DataCanvas DingoFS Distributed Storage System (DataCanvas DingoFS分佈式存儲系統)	Software Copyright	Our Company	2025SR0085354	January 14, 2025
5.	DataCanvas Alaya NeW Cloud Management Platform (DataCanvas Alaya NeW雲管平台)	Software Copyright	Our Company	2025SR1173063	July 4, 2025

(d) Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we considered to be material to our business:

No.	Domain name	Owner	Expiry date
1.	www.alayanew.com	Our Company	June 12, 2028
2.	www.datacanvas.com	Our Company	March 31, 2028

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts

We [have entered] into service contracts with our Directors which contain provisions in relation to, among others, term of service and termination. The service contracts may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed in "Directors and Senior Management" and above, we have not entered into, and do not propose to enter into, any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

2. Remuneration of Directors

Save as disclosed in "Directors and Senior Management" and "Appendix I—Accountants' Report—Notes to the Historical Financial Information—11. Directors', Supervisors' and Chief Executive's Remuneration," none of our Directors received other remuneration or benefits in kind from our Company during the three years ended December 31, 2025 and the six months ended June 30, 2026.

3. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive in the Shares and underlying Shares of our Company and our associated corporation

Save as disclosed below, so far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the Share Subdivision and the conversion of Unlisted Shares to H Shares, none of our Directors or chief executive will have any interest and/or short position in the Shares, underlying Shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he or she is taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange.

(i) Interests in the Shares

Name	Position	Nature of interest	Number of Shares interested in immediately following the completion of the [REDACTED]	Approximate percentage of interest in the Unlisted Shares/ H Shares immediately following the completion of the [REDACTED][2]	Approximate percentage of interest in the total issued Shares immediately following the completion of the [REDACTED][2]
				(%)	*(%)*
Dr. Fang	Chairman of our Board, executive Director and general manager	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation[3]	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
		Interest jointly held with another person[4]	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]

Name	Position	Nature of interest	Number of Shares interested in immediately following the completion of the [REDACTED]	Approximate percentage of interest in the Unlisted Shares/ H Shares immediately following the completion of the [REDACTED][2]	Approximate percentage of interest in the total issued Shares immediately following the completion of the [REDACTED][2]
				(%)	*(%)*
Mr. Shang	Executive Director, vice chairman of our Board and deputy general manager	Beneficial owner	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
		Interest in controlled corporation[3]	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
		Interest jointly held with another person[4]	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]
Mr. Jiang Chihua (蔣馳華) ("**Mr. Jiang**")	Non-executive Director	Interest in controlled corporation[5]	[REDACTED]	[REDACTED]	[REDACTED]
			[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) All interests set out in the table above represent long positions.

(2) The calculation is based on: (i) a total of **[REDACTED]** H Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]** since **[REDACTED]** Unlisted Shares will be converted into H Shares and **[REDACTED]** H Shares will be issued pursuant to the **[REDACTED]**, (ii) a total of **[REDACTED]** Unlisted Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, and (iii) the assumption that the **[REDACTED]** is not exercised.

(3) The general partner and sole limited partner of Xuanyuan Zhitong are Dr. Fang and Mr. Shang, each holding 50% of the partnership interest, respectively. As such, each of Dr. Fang and Mr. Shang is deemed to be interested in the Shares held by Xuanyuan Zhitong under the SFO.

(4) Dr. Fang and Mr. Shang are parties to the AIC Agreement, pursuant to which they agreed, among others, to act in concert on matters requiring approval of the Shareholders or the Board, the proposing or voting of any Shareholder or Board resolutions, and the nomination of Directors. For details of the AIC Agreement, see "History, Development and Corporate Structure—AIC Agreement and Our Single Largest Group of Shareholders." As such, Dr. Fang and Mr. Shang are deemed to be interested in the Shares held by each other under the SFO.

(5) As of the Latest Practicable Date, (i) the general partner of Qingdao SAIF Haohai Venture Investment Center (Limited Partnership) (青島賽富皓海創業投資中心(有限合夥)) ("**Qingdao SAIF**") was Qingdao SAIF Haohai Investment Management Center (Limited Partnership) (青島賽富皓海投資管理中心(有限合夥)) ("**SAIF Haohai**"). The general partner of SAIF Haohai was Jiaxing Haohai Investment Management Co., Ltd. (嘉興皓海投資管理有限責任公司) ("**Jiaxing Haohai**"), which was owned as to 66% by Mr. Jiang; (ii) the general partner of Beijing SAIF Haohai Industrial Internet Investment Center (Limited Partnership) (北京賽富皓海工業互聯網投資中心(有限合夥)) ("**Beijing SAIF**") was Beijing SAIF Haochuang Consulting Management Center (Limited Partnership) (北京賽富皓創諮詢管理中心(有限合夥)) ("**SAIF Haochuang**"). Jiaxing Haochuang Investment Management Partnership (Limited Partnership) (嘉興皓創投資管理合夥企業(有限合夥)) ("**Jiaxing Haochuang**") was the limited partner of SAIF Haochuang, holding 64.6% of the partnership interest. The general partner of Jiaxing Haochuang was Jiaxing Haohai; and (iii) the general partner of Beijing Fengyuan Enterprise Management Center (Limited Partnership) (北京灃元企業管理中心(有限合夥)) ("**Beijing Fengyuan**") was Jiaxing Haohai. As such, Mr. Jiang is deemed to be interested in the Shares held by Qingdao SAIF, Beijing SAIF, and Beijing Fengyuan under the SFO.

(b) Interests and short positions of our substantial Shareholders in the Shares and underlying Shares of our Company

For the information on the persons who will, immediately following the completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), the Share Subdivision and the conversion of Unlisted Shares to H Shares, have any interest and/or short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders."

(c) Interests of substantial shareholders of other member of our Group

Save as disclosed below, so far as our Directors are aware, no other persons will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group.

No.	Member of our Group	Shareholder	Approximate percentage of interest in the issued voting shares of member of our Group
			(%)
1.	Beijing Jiuzhang Yunzhi Technology Co., Ltd. (北京九章雲智科技有限公司)	Beijing Badou Xincheng Intelligent Technology Partnership (Limited Partnership) (北京八斗新程智能科技合夥企業(有限合夥)) ("**Beijing Badou**")	33.00
2.	Beijing Yizhang	Beijing Badou	33.00

4. Disclaimers

Save as disclosed in "History, Development and Corporate Structure" and "Business" and above:

(a) none of our Directors or experts named in "Qualifications of Experts" in this section is:

(i) interested in our promotion, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group; and

(b) none of our Directors is a director or employee of a company which has an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. Equity Incentive Scheme

Our Company adopted the Equity Incentive Scheme on March 1, 2018, which was amended and restated on February 2, 2026. The Equity Incentive Scheme does not involve any grant of share options or awards by our Company to subscribe for H Shares after the **[REDACTED]** and therefore its terms are not subject to the provisions of Chapter 17 of the Listing Rules. Given the underlying Shares under the Equity Incentive Scheme have already been issued, there will not be any dilution effect to the shareholding of our Shareholders upon vesting of the Awards (as defined below) granted under the Equity Incentive Scheme.

Under the Equity Incentive Scheme, our Company will grant award(s) ("**Award(s)**") to Participants (as defined below) to acquire unit(s) in the Shares held by Xuanyuan Zhitong, pursuant to which the Participants shall enjoy the dividends and other economic rights attributable to the Shares held by Xuanyuan Zhitong. As of the Latest Practicable Date, Xuanyuan Zhitong held 46,648,320 units, representing 3,109,888 Shares held in our Company, with all units having already been granted to 114 Participants.

1. Summary of the Principal Terms of the Equity Incentive Scheme

(a) ***Objectives.*** The objectives of the Equity Incentive Scheme are to (i) establish a long-term incentive mechanism and a benefit-sharing and risk-sharing mechanism between Shareholders and key employees, thereby improving the corporate governance structure and compensation system of our Company; (ii) attract, motivate and retain key management personnel and core technical personnel, and provide a platform for employees and service providers to share in the growth of our Company; (iii) cultivate a corporate culture of shared interests and enhance the cohesion of our Company; and (iv) meet the strategic development needs of our Company, enhance our competitiveness and promote sustainable and healthy development of our Company.

(b) ***Administration.*** The Board is the highest authority for the formulation and administration of the Equity Incentive Scheme, and its resolutions on all matters relating to the Equity Incentive Scheme shall have final binding effect on all parties. The Board has designated Dr. Fang as the administrator of the Equity Incentive Scheme (the "**Administrator**"). The Administrator is authorized to be fully responsible for the day-to-day implementation and management of the Equity Incentive Scheme, including but not limited to (i) determining the list of Participants; (ii) determining the number and timing of Awards to be granted to the Participants; (iii) determining or adjusting the exercise price of the Awards; (iv) determining the vesting schedule of the Awards; (v) determining or adjusting the exercise period of the Awards; (vi) determining the cancellation, termination and lapse of Awards in accordance with the relevant award grant agreements; and (vii) any other matters related to the implementation of the Equity Incentive Scheme. The Equity Incentive Scheme has a term of ten years commencing from its effective date. All amendments to the Equity Incentive Scheme shall be proposed by the Administrator and shall take effect upon approval by the Board.

(c) ***Eligibility.*** The participants of the Equity Incentive Scheme (the "**Participants**") shall be selected by the Administrator from among the following categories of persons: (i) Directors and senior management of our Company; (ii) core technical (professional) personnel of our Company; (iii) other key employees of our Company; (iv) external consultants of our Company; and (v) such other persons as the Administrator may determine from time to time.

(d) ***Grant of Awards.*** Our Company has established Xuanyuan Zhitong as the platform for the implementation of the Equity Incentive Scheme, which directly holds the Shares underlying the Awards granted under the Equity Incentive Scheme. Upon exercise of such Awards, the Participants obtain partnership interests in the equity incentive platform or its Sub-Platforms (as defined below) as limited partners, thereby indirectly holding an economic interest in the Shares held by the equity incentive platform. The Administrator may, at its discretion, grant Awards to any eligible Participant. The Awards shall be granted in accordance with the terms of the Equity Incentive Scheme and the conditions set out in the relevant award grant agreements entered into with the respective Participants.

(e) ***Exercise of Awards.*** The exercise price of the Awards shall be specified in the relevant award grant agreement entered into with the Participant, and may be adjusted by the Administrator in light of changes in equity structure, financing or other circumstances. Upon exercise of Awards, the Administrator may accept one or more of the following methods of payment: (i) cash; (ii) cheque; or (iii) such other non-cash consideration as may be approved by the Administrator. Subject to the provisions of the relevant laws and regulations and the terms of the Equity Incentive Scheme, our Company will, at its own discretion, establish designated exercise windows ("**Exercise Windows**") pursuant to which Participants have the right to exercise part of or all of their Awards and obtain units in accordance with the terms of relevant award grant agreement. The Participant shall provide a written notice to the designated administrative or human resources officer in respect of the exercise of such Awards during the Exercise Windows.

(f) ***Limit.*** All the 46,648,320 units underlying the Awards granted under the Equity Incentive Scheme, representing 3,109,888 Shares (accounting for approximately **[REDACTED]**% of the total issued Shares of our Company following the completion of the Share Subdivision and the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised) are currently held by Xuanyuan Zhitong.

(g) ***Vesting and Lock-up Periods.*** Subject to the Participant's continuous service with our Company, the Awards granted under the Equity Incentive Scheme shall vest in accordance with a schedule determined by reference to the Participant's length of service, achievement of performance targets and work contributions, as set out in the relevant award grant agreement. Unless otherwise provided in the Equity Incentive Scheme, the total vesting period shall in principle be no less than four years from the date of grant. The Participants shall comply with the applicable lock-up requirements, including (i) not transferring, pledging or otherwise disposing of their interests in the equity incentive platform during the lock-up period as required by the relevant PRC laws and regulations, the requirements of the stock exchange on which the Shares are **[REDACTED]**, or the requirements of the **[REDACTED]**; and (ii) entering into such lock-up agreements as may be required in connection with such **[REDACTED]**.

(h) ***Transferability.*** Except with the written consent of the Administrator, any Awards granted to the Participants pursuant to the Equity Incentive Scheme and relevant award grant agreement shall not be sold, transferred, given, pledged, mortgaged or otherwise disposed of by him/her, save that in the event of his/her death, his/her heir shall receive the benefit of his/her Awards, provided that the heir shall be subject to the restrictions and conditions that come with the Awards as stipulated by the relevant award grant agreement, and shall comply with the terms of the Equity Incentive Scheme and relevant award grant agreement.

2. Equity Incentive Platform and Sub-Platforms

Xuanyuan Zhitong was established as the equity incentive platform for the implementation of the Equity Incentive Scheme, which directly holds Shares of our Company. The sub-platforms, namely Tianjin Xuanyuan Zhiyun Enterprise Management Partnership (Limited Partnership) (天津軒轅智雲企業管理合夥企業(有限合夥)) ("**Xuanyuan Zhiyun**"), Tianjin Xuanyuan Zhisuan Enterprise Management Partnership (Limited Partnership) (天津軒轅智算企業管理合夥企業(有限合夥)) ("**Xuanyuan Zhisuan**"), and Tianjin Xuanyuan Zhishu Enterprise Management Partnership (Limited Partnership) (天津軒轅智數企業管理合夥企業(有限合夥)) ("**Xuanyuan Zhishu**," together with Xuanyuan Zhiyun and Xuanyuan Zhisuan, the "**Sub-Platforms**"), are limited partners of the equity incentive platform. The Participants hold partnership interests in the equity incentive platform or the respective Sub-Platforms as limited partners, and accordingly hold economic interests in the Shares held by the equity incentive platform. As of the Latest Practicable Date, all the Shares underlying the Awards granted under the Equity Incentive Scheme had been issued to the equity incentive platform. Details of the equity incentive platform and each of the Sub-Platforms are set out below.

Xuanyuan Zhitong

Xuanyuan Zhitong is a limited partnership established in the PRC. As of the Latest Practicable Date, it held 3,109,888 Shares, representing approximately 5.79% of the total issued Shares of our Company. Dr. Fang, as its general partner, held 50% of the partnership interest. The remaining partnership interest was held by Mr. Shang, the executive Director, vice chairman of our Board and deputy general manager.

Sub-Platforms

Each of the Sub-Platforms is a limited partnership established in the PRC. As of the Latest Practicable Date, Dr. Fang, as its respective general partner, held 50% of the partnership interest. The remaining partnership interest of each of the Sub-Platforms was held by Mr. Shang.

3. Awards Granted under the Equity Incentive Scheme

The table below sets out details of the Awards granted to our Directors, senior management and other Participants under the Equity Incentive Scheme.

Participant	Position	Number of units underlying the Awards granted	Date of grant	Vesting period[1]	Exercise price[2]	Number of Shares underlying the Awards granted	Approximate percentage of interest in the issued Shares immediately following the completion of the [REDACTED][3]
							(%)
Mr. Fang Yan (方顏)	Executive Director and joint company secretary	1,721,373	February 10, 2023	A	2.3523	1,147,582	[REDACTED]
		1,147,582	February 10, 2023	B	2.3523	765,054	[REDACTED]
Dr. Jiao Yueguang (焦悦光)	Non-executive Director (employee representative Director) and senior architect	50,000	May 19, 2026	A	4.2268	33,333	[REDACTED]
		518,314	July 8, 2019	A	1.1576	345,542	[REDACTED]
		1,243,955	August 31, 2018	A	0.8714	829,303	[REDACTED]
		450,460	July 18, 2016	A	0.3330	300,306	[REDACTED]
Ms. Yu Jiahe (于佳禾)	Finance director	70,000	October 27, 2025	A	3.6599	46,666	[REDACTED]
		80,000	April 17, 2023	A	2.3523	53,333	[REDACTED]
Other Participants[4]		41,366,636	April 1, 2015 to September 14, 2026	A/B/C/D	0.0022 to 6.8240	27,577,757	[REDACTED]
Total:		**46,648,320**				**31,098,880**	[REDACTED]

Notes:

(1) Please refer to the different categories of vesting schedules below:

Category	Vesting schedule
A	25% of the total granted Awards shall vest one year from the date of grant, with the remaining 75% to vest each year thereafter over the next three years in equal proportion.
B	The granted Awards shall vest upon achievement of performance targets as agreed before the **[REDACTED]**.
C	A portion of the total granted Awards shall vest at the end of each year over a four-year vesting period, subject to the Participant achieving the performance targets set for that year.
D	100% of the total granted Awards shall vest on the date of grant.

(2) Subject to (i) the relevant vesting periods of the Awards and (ii) the exercise of Awards during the Exercise Windows described above, the exercise period for all of the Awards is from the period which the Shares held by Xuanyuan Zhitong are not subject to any lock-up requirements under the relevant laws and regulations after the **[REDACTED]**.

(3) The calculation is based on a total of **[REDACTED]** Shares in issue immediately following the completion of the Share Subdivision and the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised.

(4) Comprise of other employees of our Company (including ex-employees) and an external consultant.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or our subsidiaries.

2. Sole Sponsor

The Sole Sponsor will receive an aggregate fee of US$600,000 for acting as sole sponsor for the **[REDACTED]**. The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

Galaxy Yuanhui, one of the Pre-**[REDACTED]** Investors, had a 0.41% equity interest in the Company as of the Latest Practicable Date and is expected to hold **[REDACTED]**% of the total issued Shares of our Company immediately following the completion of the **[REDACTED]** (taking into account the Share Subdivision and assuming that the **[REDACTED]** is not exercised). Galaxy Yuanhui is a subsidiary of China Galaxy Securities Co., Ltd. ("**CGS**"). China Galaxy International Securities (Hong Kong) Co., Limited ("**CGI**"), our Sole Sponsor, is an indirect wholly-owned subsidiary of CGS. CGS is a company listed on the Stock Exchange (stock code: 06881) and the Shanghai Stock Exchange (stock code: 601881). Accordingly, Galaxy Yuanhui, CGS and CGI are members of the sponsor group of CGI for the purpose of Rule 3A.01(9) of the Listing Rules. As the shareholding of Galaxy Yuanhui in our Company is below the threshold prescribed under Rule 3A.07(1) of the Listing Rules, the independence of CGI as a sponsor under Rule 3A.07 of the Listing Rules would not be affected.

3. Preliminary Expense

As of the Latest Practicable Date, our Company did not incur any material preliminary expense.

4. Promoters

The promoters of our Company are all the then Shareholders as of February 12, 2026, immediately before our conversion into a joint stock limited company. Save as otherwise disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters of our Company in connection with the **[REDACTED]** or the related transactions described in this document.

5. Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this document are as follows:

Name	Qualification
China Galaxy International Securities (Hong Kong) Co., Limited	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditor
Jingtian & Gongcheng	Legal advisor to our Company as to PRC law
China Insights Industry Consultancy Limited	Industry consultant

6. Consent of Experts

Each of the experts named above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Stamp Duty

The sale, purchase and transfer of H Shares will be subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

8. Binding Effect

This document shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as otherwise disclosed "Financial Information," "History, Development and Corporate Structure" and "**[REDACTED]**," within the two years immediately preceding the issue of this document:

(i) no share or debenture of any member of our Group has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid up otherwise than in cash;

(ii) no share or debenture of any member of our Group is under option or agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group; and

(iv) no commission has been paid or is payable for subscribing, agreeing to subscribe, procuring or agreeing to procure subscriptions for any shares in or debentures of our Company.

(b) There are no founder or management or deferred shares in our Company.

(c) There is no arrangement under which future dividends are waived or agreed to be waived.

(d) There are no contracts for the hire or hire purchase of plant to or by our Group for a period of over one year which are substantial in relation to our Group's business.

(e) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.

(f) No part of the equity or debt securities of our Company is **[REDACTED]** or **[REDACTED]** on any stock exchange, and no such **[REDACTED]** or permission to deal on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

(g) Our Company has no outstanding convertible debt securities or debentures.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—6. Consent of Experts"; and

(b) a copy of the material contract referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.datacanvas.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2025 and the six months ended June 30, 2026;

(d) the report prepared by Deloitte Touche Tohmatsu on the unaudited **[REDACTED]** financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain general corporate matters of our Group under PRC law;

(f) the industry report prepared by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview";

(g) the material contract referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contract";

(h) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—6. Consent of Experts";

(i) the service contracts referred to in "Appendix IV—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors' Service Contracts";

(j) the terms of the Equity Incentive Scheme; and

(k) the PRC Company Law and the Overseas Listing Trial Measures, together with their unofficial English translations.