



羅兵咸永道

The Board of Directors
Unisound AI Technology Co., Ltd.
No. 101, 1/F, Building One
Xisanqi Jiancaicheng
Haidian District, Beijing
PRC

June 20, 2025

Dear Sirs,

LETTER OF CONSENT

We refer to the prospectus dated June 20, 2025 in connection with the proposed initial listing of the H Shares of Unisound AI Technology Co., Ltd. (the "Company") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Prospectus"), a copy of which is attached and initialled by us on its front cover for the purpose of identification.

Our engagement to prepare this letter has been performed 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.

We hereby consent to the inclusion of our accountant's report and our report on unaudited pro forma financial information, both dated June 20, 2025, in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong



Unisound AI Technology Co., Ltd.

雲知聲智能科技股份有限公司

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

Stock Code: 9 6 7 8

GLOBAL OFFERING



Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



UNISOUND AI TECHNOLOGY CO., LTD. 雲知聲智能科技股份有限公司

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



GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 1,560,980 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 156,100 H Shares (subject to reallocation)
Number of International Offer Shares	: 1,404,880 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$205.00 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565% (payable in full on application, subject to refund)
Nominal value	: RMB1.0 per H Share
Stock code	: 9678

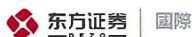
*Joint Sponsors, Sponsor-Overall Coordinators, Overall Coordinators,
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers*



Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager



Joint Bookrunners and Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, June 26, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon on Thursday, June 26, 2025 (Hong Kong time). The Offer Price will be not more than HK\$205.00 and is currently expected to be not less than HK\$165.00 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Thursday, June 26, 2025 (Hong Kong time) between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and us, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Share may be required to pay, on application (subject to the application channels), the maximum Offer Price of HK\$205.00 for each Hong Kong Offer Share together with a brokerage of 1.0%, a SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and a Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK\$205.00.

The Company is incorporated, and its businesses are located, in the PRC. Potential investors in the Company should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in the sections headed "Risk Factors", "Appendix IV — Summary of Principal Legal and Regulatory Provisions" and "Appendix V — Summary of the Articles of Association" to this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expense — Hong Kong Public Offering — Grounds for termination" of this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

June 20, 2025

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.unisound.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply electronically through the HKSCC EIPO channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

IMPORTANT

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 20 Hong Kong Offer Shares and in one of the numbers set out in the table below. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
20	4,141.35	400	82,826.96	6,000	1,242,404.56	40,000	8,282,697.00
40	8,282.69	500	103,533.71	7,000	1,449,471.98	50,000	10,353,371.26
60	12,424.04	600	124,240.45	8,000	1,656,539.40	60,000	12,424,045.50
80	16,565.39	700	144,947.20	9,000	1,863,606.83	78,040 ⁽¹⁾	16,159,541.85
100	20,706.74	800	165,653.95	10,000	2,070,674.26		
120	24,848.09	900	186,360.68	12,000	2,484,809.10		
140	28,989.43	1,000	207,067.43	14,000	2,898,943.96		
160	33,130.79	2,000	414,134.86	16,000	3,313,078.80		
180	37,272.14	3,000	621,202.28	18,000	3,727,213.66		
200	41,413.49	4,000	828,269.70	20,000	4,141,348.50		
300	62,120.22	5,000	1,035,337.13	30,000	6,212,022.76		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at www.unisound.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on
Friday, June 20, 2025

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk⁽²⁾ 11:30 a.m. on
Wednesday, June 25, 2025

Application lists of the Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on
Wednesday, June 25, 2025

Latest time to (a) lodge completing payment of **HK eIPO White Form** applications by effecting internet banking transfers(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC⁽⁴⁾ 12:00 noon on
Wednesday, June 25, 2025

If you are instructing your **broker** or **custodian** who is a HKSCC Clearing Participant to give **electronic application instructions** via HKSCC FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for on a 24-hour basis the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾ 12:00 noon on
Wednesday, June 25, 2025

Expected Price Determination Date⁽⁵⁾ Thursday, June 26, 2025

Announcement of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published and on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.unisound.com on or before 11:00 p.m. on
Friday, June 27, 2025

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at www.unisound.com and www.hkexnews.hk respectively Friday, June 27, 2025
- from "Allotment Results" page at the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a "search by ID" function from 11:00 p.m. on
Friday, June 27, 2025
to 12:00 midnight on
Thursday, July 3, 2025

EXPECTED TIMETABLE⁽¹⁾

<ul style="list-style-type: none"> from the allocation results telephone enquiry by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from 	Monday, June 30, 2025 to Friday, July 4, 2025 on a business day
Dispatch of H Share certificates or deposit of H Share certificates into CCASS in respect of wholly or partially successful application under the Hong Kong Public Offering on or before ⁽⁷⁾⁽⁹⁾	Friday, June 27, 2025
HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before ⁽⁸⁾⁽⁹⁾	Monday, June 30, 2025
Dealings in H Shares on the Stock Exchange expected to commenced at	9:00 a.m. on Monday, June 30, 2025

Notes:

- (1) All times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 25, 2025, the application lists will not open or close on that day. For further details, please see “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels”.
- (5) The Price Determination Date is expected to be on or about Thursday, June 26, 2025 and in any event, not later than 12:00 noon on Thursday, June 26, 2025. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriter) and us on or before 12:00 noon on Thursday, June 26, 2025, the Global offering will not proceed and will lapse.
- (6) None of the website or any of the information contained on the websites forms part of this prospectus.
- (7) The H Share certificates are expected to be issued on Friday, June 27, 2025 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Monday, June 30, 2025. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of the H Share certificates and before they become valid do so entirely of their own risk.
- (8) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied through the **HK eIPO White Form** service for 50,000 or more Hong Kong Offer Shares may collect H Share certificates in person from our H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, June 30, 2025 or any other places or date as notified by us as the date of dispatch/collection of H Share certificates/e-Auto Refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representative must produce evidence of identity acceptable to our H Share Registrar at the time of collection.
Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” for details.
Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applicants, the first-named applicant) by ordinary post at their own risk.

EXPECTED TIMETABLE⁽¹⁾

H Share certificates for applicants who have applied for less than 50,000 Hong Kong Offer Shares and any uncollected H Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies".

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" of this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund monies and H Share certificates.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them, or any other person or party involved in the Global Offering. Information contained on our website, located at www.unisound.com, does not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the risks in investing in the Offer Shares are set out in “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

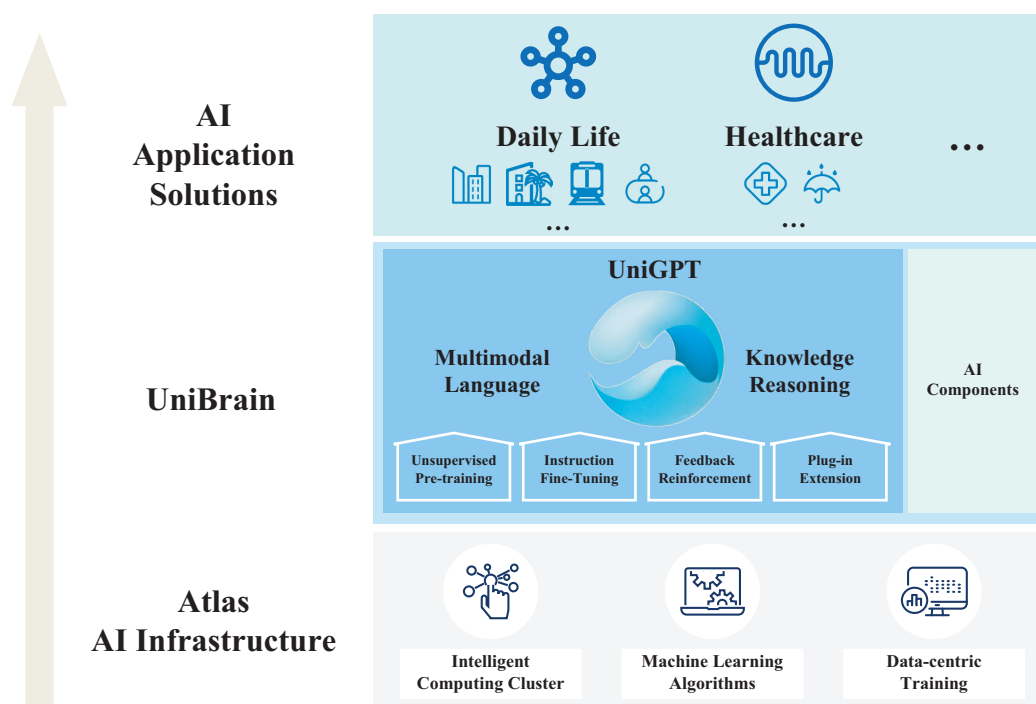
Who We Are

We are an AI solution provider focusing on the sales of conversational AI products and solutions for daily life and healthcare related application scenarios in China. Our business centers on empowering customers across various industries with user-centric AI solutions that improve operational efficiency, enhance decision-making and deliver better outcomes. These solutions are built on our proprietary central technology platform, UniBrain, which serves as the foundation of a wide range of applications, from intelligent customer service and healthcare diagnostics to multilingual conversational assistants. Our technology leverages continuous human interaction to refine its capabilities. In 2023, we introduced UniGPT, a 60 billion-parameter large language model with generative multilingual and multimodal capabilities, which enables human-machine interaction through dynamic reasoning and cross-modal data processing. Supported by our Atlas AI infrastructure, we ensure efficient model training and deployment, driving iteration and industry-specific adaptation.

We have offered products and solutions for a broad range of application scenarios in AI in Daily Life and AI in healthcare. China’s AI solution market is highly fragmented. According to Frost & Sullivan, we remained the fourth largest AI solution provider by revenue with a market share of 0.6% in China in each year of the Track Record Period. While the market size of AI solution in China increased by 33.1% from RMB135.5 billion in 2023 to RMB180.4 billion in 2024, our revenue increased by 29.1% from RMB727.3 million in 2023 to RMB939.0 million in 2024. In 2024, we ranked third by revenue in AI Solution in Daily Life and fourth in AI Solution in Healthcare in China. Extensive commercial application of these products and solutions has provided us with high-quality user feedback, which, in turn, has been prompting incessant iterations of UniGPT as the core of UniBrain.

The diagram below illustrates the Atlas AI infrastructure, UniBrain and the AI application solutions, which are respectively the foundational layer, the central technology platform layer and the application layer that, together, form the technology stack of our AI solutions.

SUMMARY



AI Application Solutions

Sitting at the top of our technology stack, our AI application solutions layer is what users interact with. Based on UniBrain, we offer easy-to-deploy AI products and solutions with optimal performance that can be efficiently fine-tuned for a broad range of customers, helping them improve operational efficiency and productivity, as well as bring value to end users across industries. Specifically, the AI application solutions can be divided into Daily Life and Healthcare scenarios:

- Daily Life:** We provide diverse AI products and solutions that can be applied in application scenarios, including transportation, commercial space, hospitality and residential scenarios, among others, to improve the convenience and quality of people's everyday life. Enterprises can provide immersive intelligent products and services empowered by our AI solutions to their customers, thereby improving their operational efficiency and service quality and reducing their management costs. For example, we developed the voice ticketing system applied in the auto ticketing machine of the Shenzhen Metro Line 20. Such system enables passengers to select their destinations through speech, shortening the average time spent on selecting a station on a ticketing machine from approximately 15 seconds in the traditional manual way to about 1.5 seconds. Such function enhances the efficiency of ticket purchasing and addresses the issue of congestion caused by queues at ticketing machines, thereby improving the overall passenger experience and optimizing the flow of traffic within the metro station. In 2022, 2023 and 2024, our Daily Life solutions empowered 299, 294 and 313 enterprise customers and 86, 112 and 121 system integrators/agents, which include a top three insurance group in China, Shenzhen Metro Line 20 and Xiamen Software Park. In addition, we provide AI large language model capabilities through MaaS to developers and enterprises on-demand. Key products include public cloud-based AI capability application programming interfaces ("APIs") that enable different applications to communicate with each other, customized proprietary AI technology service platforms and AI model-embedded chips and Internet of things (IoT) hardware modules. In 2022, 2023 and 2024, we sold 12.8 million, 24.5 million and 36.0 million AI chips to developers and customers, respectively. We typically determine the final price of our offerings based on the total unit price of the products selected by the customer and the level of customization performed.
- Healthcare:** We offer AI-empowered healthcare solutions such as medical record voice entry, medical record quality control, single-disease quality control and medical insurance payment management. These AI solutions are typically delivered as customized AI-empowered business systems, which can regulate medical service processes and decisions, thus reducing medical errors, improving medical service quality and safeguarding the rights of the patients. For instance, in the

SUMMARY

context of medical record quality control, traditional information technology solutions, prior to the application of AI, could only perform basic quality control in terms of timeliness and completeness. However, with the application of natural language understanding and clinical knowledge mapping, it can now conduct quality control in terms of standardization and rationality, greatly enhancing the scope and depth of quality control and reaching a degree of completion close to that of manual expert quality control. Specifically, natural language understanding technology is used to identify entities and extract relationships from medical record texts. Through understanding these documents, it can model and recreate the changes in a hospitalized patient's condition and the process of diagnosis and treatment. Then, the knowledge stored in clinical knowledge graph is applied for reasoning to determine whether the diagnosis and treatment actions reflected in the medical record documents are reasonable, thereby conducting in-depth quality control.

These AI solutions can also help medical staff increase efficiency. For example, our medical record voice entry system accelerates medical record entries by four to six times, compared to typing input; our medical record quality control system reduces the time required for quality review by 80%, compared to manual review, and thus is capable of a full inspection of all the medical records, compared to a sampling inspection of medical records if reviewed manually. They also help prevent unreasonable medical expenses, supporting medical reform and improving the utilization and efficiency of medical insurances. See “— Our Offerings — Healthcare.” In 2024, we provided AI solutions to 166 customers in Healthcare. We typically determine the final price based on the functionalities of the solutions provided and the level of customization performed.

The following table sets out a breakdown of our revenue by streams and the offering types thereunder for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Daily Life	486,682	81.0	578,729	79.6	739,830	78.8
Solutions	393,197	65.5	475,230	65.3	622,534	66.3
Products	93,485	15.5	103,499	14.3	117,296	12.5
Healthcare	113,452	18.9	148,245	20.4	199,180	21.2
Others⁽¹⁾	485	0.1	342	0.0	7	0.0
Total	600,619	100.0	727,316	100.0	939,017	100.0

Note:

(1) Others primarily consist of revenue from leasing office premises and sales of certain electronic devices.

The following table sets out a breakdown of our revenue by customer type in absolute amounts and as a percentage of revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Enterprise customers	316,684	52.7	389,849	53.6	422,064	44.9
System integrators / Agents	283,935	47.3	337,467	46.4	516,953	55.1
Total	600,619	100.0	727,316	100.0	939,017	100.0

SUMMARY

Pricing

We have developed different pricing policies for our products and solutions. Specifically:

- **Daily Life:** We generally provide customers with a menu-style quotation of our Daily Life solutions and products. The quotation of each solution typically depends on, among others, cost of sales, supply and demand, the marketing positioning, and the price of competitive solutions and products. We combine the selected solutions and products and make appropriate customized modification for our customers.
 - *Daily Life solutions, AI Chips and AI Modules:* We typically determine the final price based on the total unit price of the products selected by the customer and the level of customization performed.
 - *AI Capability APIs:* We charge subscription fees for such services on a pay-per-use basis. During the Track Record Period, such subscription fees were insignificant to our total revenue.
- **Healthcare:** Our Healthcare solutions are typically delivered as customized one-stop AI-empowered business systems, where a selection of our AI soft-and hardware are integrated according to specific customer demands. We also provide standardized efficiency tools, such as voice interaction solutions and service solutions, based on conversational AI capabilities. We generally determine the price of our Healthcare solutions considering various factors, including market positioning, market conditions, policy requirements, type of customers, pricing of competitors, functionalities of the solutions and level of customization.

Atlas AI Infrastructure

Our Atlas AI Infrastructure consists of the hardware and software resources which enable computing, storage, connectivity, scheduling and management. It supports the development, optimization and operation of our central technology platform, UniBrain, as well as UniBrain's core algorithm model, UniGPT. We strategically started building the Atlas AI infrastructure in 2016, which centers on our intelligent computing cluster, dynamically scheduling strong computing power for efficient machine learning tasks. Atlas's intelligent computing cluster currently harbors a computing power of over 184 PFLOPS and a storage capacity of over 10PB, both of which can be expanded without interrupting training tasks. Our intelligent computing cluster can efficiently and dynamically dispatch thousands of GPUs for parallel computing and seamlessly perform dynamic scale-up to address shifting business demand. It also optimizes the utilization of resources such as storage, bandwidth and computing power for large-scale machine learning tasks, addressing their significant demands for parallel computing. The strong computing power, efficient and dynamic dispatch and scalability of the intelligent computing cluster form our core competitive strengths in advancing AI solutions.

UniBrain

Featuring high universality, adaptability and efficiency, UniBrain is the central technology platform which can be delivered through chips, edge-side SDKs and public and private cloud deployment. This central technology platform powers our AI application solutions, and is where our developers build, test and manage the AI application solutions. UniBrain comprises a core algorithm model and a wide array of AI components. The core algorithm model had been UniCore since 2019 until it was replaced by UniGPT in May 2023. UniCore was our first BERT-based large language model. Building on the evolution and advancement of the UniCore in past years, UniGPT features greater parameter and data scale as well as generative capabilities, and, pre-trained with massive volume of text and code, it has over 60 billion parameters and possesses strong general abilities.

Core Technologies and Applications

Large Language Model (LLM)

Our large language model UniGPT is the core of UniBrain, which determines the cognitive and business processing capabilities of the system and is the key to our MaaS-based business model. Interaction systems using traditional technologies often struggle to understand natural language expressions of users. For a well-calibrated system, even minor changes in user expression or the need to use contextual relations could easily lead to system failures. Large language models have remarkable advantages in understanding and generating natural languages. They enable a human machine interaction system to more easily understand varied user expressions, either in voice or text, and produce more human-like responses, offering accurate, easy-to-use and efficient user experience.

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Industry-scale Knowledge Graphs

Industry knowledge graph is a core component for cognitive intelligence, which, when combined with UniGPT, can effectively improve the accuracy and reliability of industry knowledge and solve industry problems. Common knowledge about people's lives, various rules and systems of architectural spaces and even different departments of science knowledge can all be structuralized and graphed. When performing human-machine interaction tasks, AI can refer to the content in the knowledge graph, allowing the system to provide reasonable, effective and specific responses. For example, location information of subway stations can be pre-stored in the knowledge graph. When a user inquires the location of the restroom, the system, after understanding the inquiry, can retrieve the information from the knowledge graph and then use natural language generation to produce text information and deliver such information to the user via voice response. Similarly, through the machine learning process performed on a great scale of medical knowledge, AI can develop systematic understanding of medicine and provide process management and decision-making support.

Multimodal Perception and Generation

Our multimodal perception and generation cover the chain of communication that starts from perception of external signals and ends with production of signals from response, facilitating the AI-enabled communication methods supported by our conversational AI core technology. This technology can be exemplified by the ticketing machines along the Shenzhen Metro Line 20. The machine uses computer vision to perceive whether there is a user in front. If a user is detected, the dialog function is activated; if not, the machine remains silent. Once activated, the machine uses a microphone array to capture the user's voice, analyze the content of the speech, understand the user's intent and provide response or perform the corresponding operation. This is a typical process of multimodal perception. During the dialog with the user, the machine can perform certain operations, display results or text on the screen or provide hints and feedback to the user via voice. Voice electronic medical record entry is another typical voice input scenario. The machine perceives the doctor's voice through the microphone and extracts the effective information from the voice to form text. AI, based on its understanding of the text, then offers suggestions to optimize the content.

One-stop IoT Interconnection System

We have developed a one-stop IoT interconnection system where all the relevant spaces, devices, users and services are interconnected for specific application scenarios to redefine the organic interactions among people, events and objects. This system is primarily used in Daily Life scenarios. Consider smart home as an example: the endpoints of this system are various IoT devices, including execution devices such as lights, air conditioners and fans, and sensors such as temperature meters, action detectors and smoke detectors. The center of this system is the IoT system, and the endpoints and center are inter-connected via the Internet, among others. The system also comprises various terminals that interact with end users and various business systems that deal with operators, if any. For example, a user feels too cold and says to the interaction terminal via voice that the temperature needs to be raised. The system understands the user's intention and adjusts the temperature. Meanwhile, the temperature sensors at various locations continuously transmit data to the IoT center via the Internet. The AI center, according to the knowledge graph, determines that even if the temperature is adjusted according to the user's requirements, the temperature in some areas may still be abnormal. Therefore, it automatically files an anomaly alert commanding specific maintenance personnel to check and resolve the issue. See "Business - UniBrain - UniGPT - AI Components" for a detailed explanation on our core technologies and applications.

Financial Overview

During the Track Record Period, our revenue was primarily derived from the sales of AI products and solutions. Our revenue increased from RMB600.6 million in 2022, to RMB939.0 million in 2024, with a CAGR of 25.0%; our gross profit increased from RMB239.9 million in 2022 to RMB364.5 million in 2024, with a CAGR of 23.3%; our net losses in 2022, 2023 and 2024 were RMB375.4 million, RMB376.2 million and RMB454.2 million respectively; and adding back share-based payment expenses, finance cost of interest on redemption liabilities and listing expenses, our adjusted net losses (non-IFRS financial measure) for 2022, 2023 and 2024 were RMB183.2 million, RMB136.6 million and RMB168.4 million respectively.

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OUR STRENGTHS

We believe the following competitive strengths have contributed to our success and distinguished us from our competitors:

- Early entrant in AGI technologies, consistently ranking as the fourth largest AI solution provider by revenue with a market share of 0.6% in China in each year of the Track Record Period;
- R&D and productization capabilities powered by solid infrastructure;
- Extensive and in-depth collaboration underpinning commercialization success;
- Feedback loop continuously driving technology and product advancement; and
- Experienced management team and core personnel.

See “Business – Our Strengths.”

OUR STRATEGIES

We plan to pursue the following strategies to realize the foregoing:

- Enhancing AI infrastructure and models;
- Attracting and nurturing AI talents;
- Expanding application scenarios and industry verticals; and
- Expanding internationally.

See “Business – Our Strategies.”

OUR CUSTOMERS AND SUPPLIERS

We have a large customer base and we do not rely on any single customer. During the Track Record Period, we generated substantially all of our revenue from the PRC. In 2022, 2023 and 2024 revenue from our largest customer in each year during the Track Record Period accounted for 13.1%, 9.3% and 7.0% respectively, of our total revenues during those years. In 2022, 2023 and 2024 revenue from our five largest customers in each year during the Track Record Period accounted for 30.8%, 27.4% and 26.7% respectively, of our total revenues during the same years. See “Business – Customers.”

Our suppliers include reputable providers of hardware component, such as modules and chips, software, R&D and marketing service. In 2022, 2023 and 2024, charges from our largest supplier in each year during the Track Record Period accounted for 20.8%, 18.0% and 12.6% respectively, of our total purchase during those years. In 2022, 2023 and 2024 charges from our five largest suppliers in each year during the Track Record Period accounted for 46.2%, 43.4% and 44.2% respectively, of our total purchase during the same years. See “Business – Suppliers.”

COMPETITION

The AI solutions industry in which we operate is highly competitive. According to Frost & Sullivan, AI solution providers compete with one another and traditional solution providers based on factors including (i) top AI research talent pool, (ii) self-developed and powerful AI infrastructure, and (iii) industry and customer coverage. See “Industry Overview.” We primarily compete with other companies that focus on developing and commercializing AI products and solutions. With respect to each industry vertical that we have entered, we also compete against providers of traditional solutions which are not AI-driven in such vertical. We may also in the future face competition from new entrants that will increase the competition. For example, more established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad sales channels may develop solutions that directly compete with ours. See “Industry Overview.”

We believe that the following key edges set us apart from our competitors.

- Technology roadmap;
- Technological early mover;
- Self-developed Atlas AI infrastructure;

SUMMARY

- Customer base; and
- Talent pool.

RISK FACTORS

Our business operation involves certain risks and uncertainties, which are set out in the section headed “Risk Factors.” You should read that section in its entirety carefully before you decide to invest in our Offer Share. Some of the major risks we face include:

- The industries in which we operate are characterized by constant changes. We may not be able to continuously develop and innovate our technologies and provide products and solutions that meet the expectations of customers;
- We are subject to credit risk related to delay in payment and defaults of customers;
- We may not be able to compete successfully against current or future competitors;
- We had net losses, net liabilities and net cash outflows in operating activities during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the future;
- Our recent growth is not necessarily indicative of our future performance, and we may not be able to sustain our revenue growth rate in the future;
- The AI industry is subject to evolving and extensive regulation in China. Future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations;
- We are subject to complex and evolving laws, regulations and governmental policies regarding data security, privacy and personal information. Actual or alleged failure to comply with privacy and data protection laws, regulations and governmental policies could damage our reputation, deter current and potential customers from using our products and solutions and could subject us to significant legal, financial and operational consequences.
- We may not be able to retain existing customers, attract new ones or increase their spending;
- We are subject to risk related to the prolonged cash conversion cycle;
- We may fail to manage our inventory effectively;
- Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent pool of talents that support our operations and future growth, and we may not be able to retain, attract, recruit and train such personnel; and

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of our H Shares pursuant to (i) the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), and (ii) the H Shares to be converted from our existing Domestic Unlisted Shares and Unlisted Foreign Shares 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 revenue of RMB939.0 million (equivalent to approximately HK\$1,016.8 million) in the financial year ended December 31, 2024 exceeds HK\$500 million, and (ii) our expected market capitalization at the time of Listing, which, based on the low-end of the indicative offer price range, exceeds HK\$4,000,000,000.

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PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets out a summary of our consolidated statements of comprehensive loss for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue	600,619	727,316	939,017
Cost of sales and services	(360,732)	(432,808)	(574,537)
Gross profit	239,887	294,508	364,480
Operating expenses:			
Research and development expenses	(287,099)	(286,301)	(370,073)
Selling and marketing expenses	(46,086)	(58,810)	(70,705)
Administrative expenses	(48,420)	(65,020)	(64,105)
Net impairment losses on financial assets and contract assets	(71,976)	(91,346)	(48,438)
Other income	15,746	36,313	17,077
Other (losses)/gains - net	(1,363)	10,579	(13,964)
Total operating expenses	(439,198)	(454,585)	(550,208)
Finance income	314	1,875	2,298
Finance costs	(177,675)	(212,770)	(270,943)
Finance costs-net	(177,361)	(210,895)	(268,645)
Share of profit/(loss) from investments accounted for using the equity method	1,092	(2,617)	—
Loss before income tax	(375,580)	(373,589)	(454,373)
Income tax credit/(expense)	189	(2,655)	162
Loss for the year	(375,391)	(376,244)	(454,211)
Loss for the year attributable to:			
- Owners of the Company	(366,012)	(375,461)	(452,364)
- Non-controlling interests	(9,379)	(783)	(1,847)
	(375,391)	(376,244)	(454,211)

Non-IFRS Financial Measure

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted net loss (non-IFRS financial measure) as additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items. We believe that this measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted net loss (non-IFRS financial measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS.

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We define adjusted net loss (non-IFRS financial measure) as net loss for the year adjusted by adding back share-based payment expenses, finance cost of interest on redemption liabilities, and listing expenses. The following table sets forth a reconciliation of our non-IFRS financial measure for the years indicated to the nearest measure prepared in accordance with IFRS which is net loss for the year:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Loss for the year	(375,391)	(376,244)	(454,211)
Add:			
Share-based payment expenses to employees ⁽¹⁾	-	4,532	-
Finance cost of interest on redemption liabilities ⁽²⁾	176,429	208,845	264,595
Listing expenses ⁽³⁾	15,757	26,276	21,234
Adjusted net loss for the year (non-IFRS financial measure)	(183,205)	(136,591)	(168,382)

Notes:

- (1) Share-based payment expenses to employees represent the arrangement whereby we receive services from employees as consideration for our equity instruments. Such expenses are not expected to result in future cash payments.
- (2) Finance cost of interest on redemption liabilities represents the non-cash, interest expense recorded to reflect interest incurred on our conditional obligation to redeem equity securities issued in our previous financing of Series. This redemption obligation was initially measured at net present value of the redemption obligation amount and recorded as a financial liability and incurred interest. We will not incur such finance cost upon Listing.
- (3) Listing expenses relate to our Global Offering.

We have experienced continuous revenue growth during the Track Record Period. Our revenue increased from RMB600.6 million in 2022 to RMB727.3 million in 2023 and further increased to RMB939.0 million in 2024, as we expanded into new industry verticals and offered a wider range of AI solutions. Our net losses in 2022, 2023 and 2024 were RMB375.4 million, RMB376.2 million and RMB454.2 million, primarily because we incurred significant amounts of R&D expenses during the Track Record Period as our business grew rapidly. While we have started to implement prudent measures to manage our costs and operating expenses, we currently expect such positions may continue until we achieve a greater scale.

BUSINESS SUSTAINABILITY

We have experienced continuous revenue growth during the Track Record Period. Our revenue increased from RMB600.6 million in 2022 to 727.3 million in 2023 and further increased to RMB939.0 million in 2024. Our gross profit margin remained relatively stable at 39.9%, 40.5% and 38.8% in 2022, 2023 and 2024, respectively. During the Track Record Period, our customers increased from 538 in 2022 to 555 in 2023 and further increased to 576 in 2024. This was primarily as a result of the increase in the wide variety of AI solutions and products we offered and the increase in their applicable industries, as well as the increased demand for intelligent medical solutions along with the intelligence upgrade of internal systems among hospitals. The number of our Major Customers increased from 92 in 2022, to 104 in 2023 and further increased to 106 in 2024. Our revenue from Major Customers increased from RMB538.6 million in 2022, to RMB666.4 million in 2023, and further increased to RMB875.1 million in 2024. Our long-term strategy of optimizing customer base and focusing on major customers has proved to be effective. It drove our rapid revenue growth while helped us maintain a stable gross profit margin, underpinning sustainable growth. Our capability in enhancing AI technologies to deliver targeted and innovative AI products and solutions that meet evolving customer needs, combined with our success in expanding our customer base and deepening customer relationships, ensures that we can achieve long-term and sustainable business growth.

We have maintained our market position as one of the leading players in China's AI solution industry. According to Frost & Sullivan, despite the intense competition within the industry, we have ranked among the top five market players by revenue in each year of the Track Record Period. During the Track Record Period, our market share stood stably at 0.6%, ranking fourth in China's AI solution industry. The combined market share of the top three players declined significantly from 22.0% in 2022 to 13.8% in 2024, indicating reduced concentration. We have also accelerated our R&D investments in 2024 to maintain our competitiveness. Since January, 2025, China's AI solution industry has seen significant new demands for cutting-edge technologies, and

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is growing at an accelerated pace, according to Frost & Sullivan. Considering the above factors, we believe that we are well-positioned to capture increasing market opportunities and enhance our market position.

We expect to increase market share by enhancing the integration of our offerings with customers' evolving businesses. Our early-mover advantage and reputation in AGI technology and ability to support a diverse range of products and solutions in various end markets, combined with our experience accumulated from years of practice in the AI market, form the competitive edge underpinning our further expansion. According to Frost & Sullivan, the market size of AI solution in Daily Life provided by AI solution providers in China increased from RMB3.0 billion in 2019 to RMB10.5 billion in 2024, growing at a CAGR of 28.7%, and is expected to reach RMB149.6 billion in 2030 with a CAGR of 55.7% from 2024 to 2030; the market size of AI Service and Solution in Healthcare in China increased from RMB1.1 billion in 2019 to RMB9.9 billion in 2024, growing at a CAGR of 54.3%, and is expected to reach RMB146.5 billion in 2030 with a CAGR of 56.6% from 2024 to 2030.

Eliminating the impact of items including (i) share-based payment expenses; (ii) finance cost of interest on redemption liabilities; and (iii) listing expenses, we recorded an adjusted net loss (non-IFRS financial measure) of RMB183.2 million, RMB136.6 million and RMB168.4 million in 2022, 2023 and 2024, respectively, accounting for 30.5%, 18.8%, and 17.9% of our revenue for the same year, respectively. Adjusted net loss is a non-IFRS measure. See "Financial Information — Non-IFRS Financial Measure." Our net losses were primarily due to the significant amounts of R&D expenses incurred during the Track Record Period. The absolute amount of our R&D expenses increased during the Track Record Period as our business grew. We have started to implement prudent measures to manage our costs and operating expenses. We closely monitor the adequacy of our cash position in light of our business operations and future expansion.

Going forward, we aim to achieve profitability primarily through the following measures:

(I) Continually enhance and enrich our products and solutions. We continually enhance and enrich our products and solutions and diversify our product portfolio leveraging the enhancement of Atlas AI infrastructure and UniBrain technology platform, which are expected to elevate our R&D efficiency and accelerate the iterations of our products and solutions.

(II) Expanding customer base and retaining existing customers. By leveraging the expertise gained from working with lighthouse customers and the capabilities empowered by Atlas AI infrastructure and UniBrain technology platforms, we plan to (i) extend our solutions for existing application scenarios, which are highly replicable, to new customers and (ii) extend our solutions for new application scenarios to existing customers.

(III) Cost control by enhancing economies of scale and operational efficiency. Since our inception, we have been actively engaged in advancing AI technologies and driving innovation within the industry. Despite operating at a loss primarily due to the significant amount of R&D costs, we believe that our strategic investment in the improvement of AI technologies will position us favorably in the competitive AI landscape and contribute to our long-term success. Our commitment to R&D has already demonstrated promising results, with our revenue increasing consistently during the Track Record Period. This growth is a direct result of our strong technology capabilities, which we anticipate will continue to yield long-term benefits. With our increased R&D efficiency and the expanding scale of operation, we also expect to benefit from the economies of scale.

See "Business — Business Sustainability."

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DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Total current assets	515,963	998,269	956,959
Total non-current assets	52,881	106,337	123,017
Total current liabilities	321,687	333,788	492,625
Total non-current liabilities	2,158,395	3,069,575	3,340,259
Net current assets	194,276	664,481	464,334
Net liabilities	(1,911,238)	(2,298,757)	(2,752,908)
Non-controlling interests	(20,379)	(17,273)	(19,120)

Our net current assets decreased from RMB664.5 million as of December 31, 2023 to RMB464.3 million as of December 31, 2024, mainly reflecting (i) a decrease in the cash and cash equivalents in relation to our cash outflow to support business operations and (ii) an increase in the borrowings, partially offset by an increase in the trade receivables. Our net current assets increased from RMB194.3 million as of December 31, 2022 to RMB664.5 million as of December 31, 2023, primarily due to an increase in total current assets from RMB516.0 million to RMB998.3 million, mainly reflecting (i) an increase in financial assets at fair value through profit or loss due to purchase of wealth management products, and (ii) an increase in cash and cash equivalents as we completed the Series D3 financing in 2023.

Our net liabilities increased from RMB1,911.2 million as of December 31, 2022 to RMB2,298.8 million as of December 31, 2023, primarily due to recognition of redemption liabilities for the redemption rights newly granted to Series D3 investors. We expect to achieve a net assets position upon Listing, as the redemption liabilities will be derecognized and the carrying amount will then be credited into equity. Our net liabilities further increased to RMB2,752.9 million as of December 31, 2024, primarily due to (i) an increase in redemption liabilities and (ii) an increase in net losses.

CASH FLOW

The following table sets out our cash flows for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Cash used in operations	(165,941)	(284,666)	(316,778)
Add:			
Interest received	314	1,875	2,298
Income tax paid	—	(1,324)	(957)
Addition of restricted cash	—	—	(3,541)
Net cash used in operating activities	(165,627)	(284,115)	(318,978)
Net cash generated from/(used in) investing activities	80,537	(128,735)	34,869
Net cash generated from financing activities	29,550	717,975	61,383
Net (decrease)/increase in cash and cash equivalents	(55,540)	305,125	(222,726)
Cash and cash equivalents at beginning of the year	129,650	74,118	379,224
Exchange effect on cash and cash equivalents	8	(19)	(22)
Cash and cash equivalents at the end of the year	74,118	379,224	156,476

We had net operating cash outflow of RMB165.6 million, RMB284.1 million and RMB319.0 million in 2022, 2023 and 2024, respectively, which was primarily due to our losses before income tax as we incurred significant R&D expenses. Our trade receivable turnover and inventory turnover also impacted our cash position and cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily as a result of public sector customers with long payment cycles and relatively high inventory turnover days primarily as a result of contract fulfillment costs arising from ongoing projects that are yet to be delivered to and accepted by customers by the year end. We had net investing cash outflow of RMB128.7 million in 2023, primarily in relation to our purchase of investments in financial assets at fair value through profit or loss, including unlisted equity investments and wealth management products.

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We closely monitor the adequacy of our cash position in light of our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. Our total cash balance is sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, to meet our present needs and for the next twelve months from the date of the prospectus, after taking into account the financial resources available to us. In addition, we have implemented a series of strategic measures to manage our prolonged cash conversion cycle and ensure adequate working capital and improved liquidity. We have strengthened our trade receivable management by conducting regular aging analyzes to monitor receivables, with particular focus on customers with extended payment patterns, such as public sector customers. We maintain an early warning system that flags accounts with prolonged collection periods, assigning dedicated account managers to proactively engage with these customers through structured follow-ups, dynamically monitor their status, negotiate repayment plans with customers and take legal action when necessary. Where warranted by material changes in a customer's financial condition, we escalate collection efforts accordingly. Meanwhile, we have refined our client selection process to prioritize partnerships with financially stable customers, which ensures the security of future receivables. Payment terms have also been optimized by increasing customer prepayments, shortening payment cycles and aligning project implementation with payment performance for long-term clients. To further optimize and expedite collections, we have streamlined our invoicing process by actively adopting e-invoicing and reducing reliance on paper-based invoices, accelerating invoice delivery and processing times. We are also improving inventory turnover and supply chain management by negotiating more flexible payment terms with suppliers. We maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding. Taking into account the independent due diligence conducted by the Joint Sponsors, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants' report and the Company's indebtedness status, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Joint Sponsors that would cast doubt on the Company's conclusion that the Company has sufficient working capital to meet its present needs and at least for the next twelve months from the date of this prospectus.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Revenue growth (%)	31.8	21.1	29.1
Gross profit margin ⁽¹⁾ (%)	39.9	40.5	38.8
Gross profit growth (%)	65.4	22.8	23.8
Net loss margin ⁽²⁾ (%)	(62.5)	(51.7)	(48.4)
Adjusted net margin ⁽³⁾ (non-IFRS financial measure) (%)	(30.5)	(18.8)	(17.9)

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Net loss margin equals net loss divided by revenue for the year and multiplied by 100%.

(3) Adjusted net margin (non-IFRS financial measure) equals adjusted net loss (non-IFRS financial measure) divided by revenue for the year and multiplied by 100%.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Liang, Dr. Huang and Dr. Kang, by virtue of the acting-in-concert arrangement among them, were collectively interested in approximately 33.93% of our total issued share capital, including (i) 3.78% of our total issued share capital directly held by Dr. Liang, (ii) 24.08% and 3.80% of our total issued share capital controlled by Dr. Huang indirectly through Yunsi Shangyi and Yunchuang Hudong, respectively, both of which have Tianjin Yunsheng (which is held by Dr. Huang as to 99%) as their respective general partner, and (iii) 2.27% of our total issued share capital directly held by Dr. Kang. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Dr. Liang, Dr. Huang and Dr. Kang will, directly and indirectly through Tianjin Yunsheng, Yunchuang Hudong and Yunsi Shangyi,

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continue to control in aggregate approximately 33.32% of our total issued share capital. Therefore, they will remain as our Controlling Shareholders upon Listing. See “History, Development and Corporate Structure – The Controlling Shareholders” and “Relationship with Our Controlling Shareholders” for details.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 1,560,980 H Shares are issued pursuant to the Global Offering; (ii) 70,953,453 Shares are issued and outstanding following the completion of the Global Offering saved as disclosed in note (2) below; and (iii) conversion of Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares, and that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK\$165.00 per Share	Based on an Offer Price of HK\$205.00 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$11,707.3 million	HK\$14,545.5 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$ 11.68	HK\$ 12.52

- (1) The calculation of market capitalization is based on 1,560,980 H Shares expected to be issued pursuant to the Global Offering and totally 70,953,453 Shares in issue immediately upon completion of the Global Offering presuming the conversion of Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares, and that the Over-allotment Option is not exercised.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2024 is calculated after making the adjustments referred to in Appendix II to this prospectus, and based on 70,953,453 Shares are in issue, assuming the Global Offering had been completed on December 31, 2024, without taking into account any shares which may fall to be issued upon the exercise of the Over-Allotment Option.
- (3) As described in note 30(i) of the Accountant’s Report set forth in Appendix I to the prospectus, the preferred rights granted to all investors shall be irretrievably terminated upon the Listing and completion of the Global Offering. Accordingly, the carrying amount of the related redemption liabilities of RMB3,303,051,000 had been derecognized and credited to the equity attributed to the owners of the Company as of December 31, 2024.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to our Shareholders, see “Appendix II – Unaudited Pro Forma Statement of Adjusted Net Tangible Assets.”

DIVIDENDS

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Currently, we have not implemented policy to fix the dividend distribution ratio.

Any future declarations and payments of dividends will be at the absolute discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisors, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses, including underwriting commission for the Global Offering, will be approximately HK\$112.2 million (including (i) underwriting commission of approximately HK\$11.6 million, and (ii) non-underwriting related expenses of approximately HK\$100.6 million, which consist of fees and expenses of legal advisors and Reporting Accountant, of approximately HK\$73.7 million and other fees and expenses of approximately HK\$26.9 million), representing approximately 38.84% of the gross proceeds from the Global Offering, (assuming an Offer Price of HK\$185.00 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option). Among the total listing expenses, approximately HK\$17.1 million is directly attributable to the issue of our Offer Shares to the public and will be deducted from equity, HK\$69.1 million has been expensed as of December 31, 2024 and the remaining amount of approximately HK\$26.0 million is expected to be expensed upon the Listing.

SUMMARY

RECENT DEVELOPMENT

Business Development

According to the management accounts, our revenue for the three months ended March 31, 2025 increased by approximately 25.0% compared to the same period in 2024. Save as otherwise disclosed below, our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since December 31, 2024, being the latest date of our consolidated financial statements as set out in Appendix I to this prospectus, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountant's Report included in Appendix I to this prospectus.

We closely monitor the adequacy of our cash position in light of our business operations and future expansion. Taking into account the financial resources available to us including our cash and cash equivalents on hand, unutilized bank facilities and the estimated net proceeds from the Global Offering, our directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

We expect to have net losses for the year ending December 31, 2025 and in the near future, primarily due to (i) our continuous investment in R&D activities, and (ii) finance cost of interest on redemption liabilities, incurred on our conditional obligation to redeem equity securities issued in our previous financing of Series. We also expect to have net operating cash outflows in 2025, primarily due to the expected loss before tax position.

Regulations Related to our Business Operations

Measures on Generative AI Services

On July 10, 2023, the Cyberspace Administration of China ("CAC") issued 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 on Generative AI Services**") to regulate the generative artificial intelligence industry in China. See "Regulatory Overview - Regulations and Policies on Artificial Intelligence Technologies."

The Measures on Generative AI Services apply to service providers that use generative AI technologies to provide services that can generate texts, pictures, audio, videos and other content to the public in China. We are subject to the Measures on Generative AI Services as we have incorporated UniGPT in our Daily Life and Healthcare products and solutions, which involves generative artificial intelligence technologies and algorithms.

As of the Latest Practicable Date, we have adopted a series of measures to comply with the Measures on Generative AI Services, including but not limited to (i) conducting content vetting, including manual and machine review of the input data and timely disposing any illegal or harmful information in these data and results; (ii) implementing internal rules and procedures with respect to algorithm security assessment and management; (iii) providing channels for complaints and reports of illegal information; and (iv) engaging an algorithm security officer to coordinate algorithm governance work. In addition, we have completed the algorithm filing for our algorithms used in our products and solutions with the CAC and the security assessment for our products and solutions related to UniGPT. In accordance with the Measures on Generative AI Services, such filing and assessment apply to generative AI services with public opinion attributes or social mobilization ability. Although our services are not designed to possess these characteristics, we have prudently completed these procedures. This decision was made out of caution, given that the Measures on Generative AI Services are newly issued, it remains uncertain as to whether our services would be regarded as capturing features related to public opinion attribute or social mobilization ability, which will subject us to complete the algorithm filing and security assessment in accordance with relevant laws and regulations. Up to the Latest Practicable Date, we have not launched or delivered any new products or solutions that require separate assessment or filing. See "Business – Data Security and Privacy" for details. As a result, we do not foresee any material legal impediment to comply with the requirements related to security assessment under the Measures on Generative AI Services.

Based on the foregoing, our PRC legal advisors as to data security law and our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with the Measures on Generative AI Services and relevant regulations on the management of generative AI services in all material aspects and there is no material discrepancy between applicable requirements under such regulations and our current practices.

SUMMARY

Our Directors are of the view that the aforementioned regulations would not have a material adverse impact on our business operations and financial conditions. Having considered the views and basis of our Directors and our PRC legal advisor as to data security law, based on the due diligence conducted by the Joint Sponsors, nothing else has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the reasonableness of the above views of our Directors and our PRC legal advisor as to data security law in any material aspect.

Cybersecurity Review Measures and Data Security Regulations

We mainly process data related to customers and end users. As advised by our PRC legal advisor as to data security law, we are subject to the laws and regulations relating to cybersecurity and data security protection, data privacy, and algorithm compliance as our products and solutions as well as UniGPT involve AI technologies and algorithms. See “Regulatory Overview—Regulations on Cyber Security and Data Protection” and “Regulatory Overview—Regulations and Policies on Artificial Intelligence Technologies.”

As of the Latest Practicable Date, we had not been involved in any investigations on cybersecurity review by the CAC, nor had we received any regulatory inquiries, notice, warnings, sanctions or penalties in relation to cybersecurity and data protections regulations. Our Directors and PRC Legal Advisors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with applicable laws and regulations on cybersecurity and data security in all material respects in the PRC. In addition, our Directors are of the view that the aforementioned laws and regulations did not and will not materially affect our Group’s operations and financial performance. Based on the independent due diligence conducted by the Joint Sponsors and having considered the views and basis of our Directors and our PRC legal advisor as to data security law as disclosed in this prospectus, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of the views of our Directors and our PRC legal advisor as to data security law in any material aspect.

The Proposed Rulemaking of the U.S. Government Regarding Outbound Investment Restriction

On October 28, 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”), which became effective on January 2, 2025. The Final Rule implements a regulatory framework for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national securities in three sectors, namely, semiconductors and microelectronics, quantum information technologies, and certain artificial intelligence systems with applications that pose national security risks. The program would prohibit U.S. persons from undertaking certain transactions and require notification by U.S. persons on certain investments. As our AI products and solutions are primarily used in Daily Life and Healthcare scenarios to help enterprises improve their operational efficiency and service quality and reduce the management costs, we do not expect investments into our business would be prohibited or subject to the notification requirement. Nevertheless, we cannot guarantee that the rule will not negatively affect overall investor sentiment and potentially discourage investment in our Company. See “Risk Factors – We might be subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, results of operations, financial conditions and prospects could be adversely affected.”

Regulatory Developments on Overseas Offering and Listing

Cybersecurity Review

According to the Cybersecurity Review Measures (2021 Version) (《網絡安全審查辦法 (2021)》) (the “**Cybersecurity Review Measures**”) issued by the CAC, the NDRC, the MIIT, and several other PRC governmental authorities on December 28, 2021 and became effective on February 15, 2022, online platform operators possessing personal information of more than one million users seeking to be listed on a foreign stock exchange (國外上市) must apply for a cybersecurity review. Our PRC Legal Advisors are of the view that the term of “listing on a foreign stock exchange (國外上市)” under the Cybersecurity Review Measures does not include “listing in Hong Kong,” and therefore we are not subject to the mandatory obligation of ex ante application for cybersecurity review for the Listing.

SUMMARY

CSRC Filings

On February 17, 2023, the Chinese Securities Regulatory Commission (the “CSRC”) issued the 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》) (the “**Overseas Listing Regulations**”), and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas Listing Regulations, companies in mainland China that directly or indirectly offer or list their securities in an overseas market, including a company in mainland China limited by shares and an offshore company whose main business operations are in mainland China and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in mainland China are required to file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing.

Under the requirements of Overseas Listing Regulations, we had filed with the CSRC within three working days after we submitted the listing application to the Hong Kong Stock Exchange. On April 14, 2025, the CSRC issued a notification confirming our completion of the filing pursuant to the Overseas Listing Regulations for the Global Offering. In addition, we will perform the reporting obligations to the CSRC in the event of any occurrence of material events to comply with the Overseas Listing Regulations. See “Risk Factors — We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.”

USE OF PROCEEDS

Assuming an Offer Price of HK\$185.00 per Offer Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK\$176.6 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 45.6% or HK\$80.5 million, for enhancing our research and development capabilities over the next five years, with the detailed breakdown of the proceeds to be allocated as follows:
 - Approximately 30.8% or HK\$54.4 million will be allocated to invest in our Atlas AI infrastructure;
 - Approximately 7.7% or HK\$13.6 million will be allocated to upgrade our UniBrain to further enhance our AI development capabilities; and
 - Approximately 7.1% or HK\$12.5 million will be allocated to cultivate talents and conduct R&D collaboration.
- Approximately 47.0% or HK\$83.0 million will be allocated to invest in emerging business opportunities and increase adoption and penetration of our products across industry verticals and scenarios over the next five years, with the detailed breakdown of the proceeds to be allocated as follows:
 - Approximately 13.9% or HK\$24.6 million will be allocated to improve our existing Daily Life and Healthcare solutions; and
 - Approximately 33.1% or HK\$8.4 million will be allocated to explore business opportunities and further penetrate into emerging verticals.
- Approximately 7.4% or HK\$13.1 million will be allocated to working capital and general corporate purposes.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“2016 Employee Incentive Scheme”	the share incentive scheme of the Company adopted by a resolution of our Shareholders on June 5, 2020 as an amendment, restatement and consolidation of the previous employee share incentive scheme adopted by the Company since 2016, a summary of principal terms of which is set out in “Statutory and General Information – D. Employee Incentive Schemes – 1. 2016 Employee Incentive Scheme” in Appendix VI to this prospectus
“2023 Employee Incentive Scheme”	the share incentive scheme of the Company as adopted on April 12, 2023, a summary of principal terms of which is set out in “Statutory and General Information – D. Employee Incentive Schemes – 2. 2023 Employee Incentive Scheme” in Appendix VI to this prospectus
“Accountant’s Report”	The accountant’s report of our Company, the text of which is set out in Appendix I to this prospectus
“AFRC”	Accounting and Financial Reporting Council
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on June 25, 2023 with effect from the Listing Date, and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
“Board” or “Board of Directors”	the board of Directors of our Company
“Business day” or “business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“CAC”	the Cyberspace Administration of China
“Capital Market Intermediaries”	the capital market intermediaries as named in the section headed “Directors and Parties Involved in the Global Offering”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chengdu Unisound”	Chengdu Unisound AI Technology Co., Ltd. (成都雲知聲智能科技有限公司), a company established PRC with limited liability on May 20, 2021 and a wholly-owned subsidiary of our Company

DEFINITIONS

“China” or “Mainland China” or “the PRC”	the People’s Republic of China for the purpose of this document and for geographical reference only, except where the context requires, references in this document to “China”, “Mainland China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“Companies (Winding up and Miscellaneous Provisions) Ordinance”	the 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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company” or “the Company”	Unisound AI Technology Co., Ltd. (雲知聲智能科技股份有限公司), a company initially established in the PRC with limited liability on June 29, 2012, and converted into a joint stock company with limited liability on June 24, 2019
“Corporate Governance Code”	the Corporate Governance Code in Appendix 14 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSDC (Hong Kong)”	China Securities Depository and Clearing (Hong Kong) Company Limited
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
Controlling Shareholders	Dr. Liang, Dr. Huang, Dr. Kang, Tianjin Yunsheng, Yunsi Shangyi and Yunchuang Hudong, who are in aggregate expected to be interested in 33.32% of our total issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)
“Director(s)”	director(s) of our Company
“Domestic Unlisted Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which were subscribed for or credited as paid in Renminbi and held by domestic Shareholders
“Dr. Huang”	Dr. Huang Wei (黃偉), our executive Director, Chief Executive Officer and one of our Controlling Shareholders

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“Dr. Kang”	Dr. Kang Heng (康恒), our executive Director and one of our Controlling Shareholders
“Dr. Liang”	Dr. Liang Jia'en (梁家恩), our Chairman and one of our Controlling Shareholders
“Employee Incentive Platform(s)”	each of Yunchuang Hudong, Yunsi Shangxin and Yunsi Shangzhi
“Exchange Participant(s)”	a person: (a) who, in accordance with the Hong Kong Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant, which is an Independent Third Party
“Frost & Sullivan Report”	a report prepared by Frost & Sullivan on the industry where the Company operates
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Hangzhou Unisound”	Unisound (Hangzhou) AI Technology Co., Ltd. (雲知聲(杭州)智能科技有限公司, a company established in the PRC with limited liability on June 6, 2023 and a wholly-owned subsidiary of our Company
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

DEFINITIONS

“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website at <u>www.hkeipo.hk</u>
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at <u>www.hkeipo.hk</u>
“ HKSCC ”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ HKSCC EIPO ”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf
“ HKSCC Nominees ”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“ HKSCC Operational Procedures ”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“ HKSCC Participant ”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“ Hong Kong Listing Rules ” or “ Listing Rules ”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“ Hong Kong Offer Shares ”	the 156,100 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“ Hong Kong ” or “ HK ”	the Hong Kong Special Administrative Region of the PRC
“ Hong Kong Public Offering ”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus

DEFINITIONS

	brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) on and subject to the terms and conditions stated in this prospectus, as further described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering” in this prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated on or around Thursday, June 19, 2025 relating to the Hong Kong Public Offering and entered into by, among others, our Company and the Hong Kong Underwriters, as further described in “Underwriting – Underwriting Arrangements and Expenses” in this prospectus
“H Share(s)”	overseas listed foreign Share(s) to be issued by the Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and is/are to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“International Offer Shares”	the 1,404,880 H Shares initially offered by our Company for subscription pursuant to the International Offering together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to

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	reallocation as described in the section headed “Structure of the Global Offering” in this prospectus)
“International Offering”	the conditional placing of the International Offer Shares at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act, as further described in “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering, led by the Overall Coordinators, that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, our Company and the International Underwriters in respect of the International Offering, as further described in “Underwriting – Underwriting Arrangements and Expense – International Offering” in this prospectus
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” of this prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” of this prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors, Supervisors and Parties Involved in the Global Offering” of this prospectus
“Joint Sponsors”	China International Capital Corporation Hong Kong Securities Limited and Haitong International Capital Limited
“Latest Practicable Date”	June 10, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange

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“Listing Date”	the date, expected to be on or around Monday, June 30, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“NDRC”	the 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)
“NHC”	the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%) of not more than HK\$205.00 and expected to be not less than HK\$165.00, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined in the manner further described in “Structure of the Global Offering – Pricing and Allocation” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Overall Coordinator(s)”	China International Capital Corporation Hong Kong Securities Limited, Haitong International Securities Company Limited and ABCI Capital Limited
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 234,140 additional H Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed “Structure of the Global Offering – The International Offering – Over-allotment Option” in this prospectus

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“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisors”	Han Kun Law Offices and Grandway Law Offices, the PRC legal advisors of our Company
“Pre-IPO Investments”	the Pre-IPO investments in our Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed “History, Development and Corporate Structure” in this prospectus
“Pre-IPO Investors”	the investor(s) who participated in our Pre-IPO Investments, details of which are set out in the section headed “History, Development and Corporate Structure” in this Prospectus
“Price Determination Agreement”	the agreement to be entered into by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, June 26, 2025 (Hong Kong time) on which the Offer Price is determined, or such later time as the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree, but in any event no later than 12:00 noon on Thursday, June 26, 2025
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Unisound”	Unisound (Shanghai) AI Technology Co., Ltd. (雲知聲(上海)智能科技有限公司), a company established in the PRC with limited liability on August 7, 2017 and a wholly-owned subsidiary of our Company
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of our Shares
“Shareholders Agreement”	the amended and restated shareholders agreement entered into by the Company and the Shareholders on May 21, 2023
“Shenzhen Unisound”	Shenzhen Unisound Information Technology Co., Ltd. (深圳雲知聲信息技術有限公司), a company established in the PRC with limited liability on December 28, 2015 and a wholly-owned subsidiary of our Company
“Sponsor-Overall Coordinator(s)”	China International Capital Corporation Hong Kong Securities Limited and Haitong International Securities Company Limited
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Supervisor(s)”	member(s) of Supervisory Committee
“Supervisory Committee”	supervisory committee of the Company
“Tianjin Yunsheng”	Tianjin Yunsheng Information Technology Co., Ltd. (天津市雲盛信息技術有限公司), a company established in the PRC on March 3, 2016 and one of our Controlling Shareholders
“Track Record Period”	the three financial years ended December 31, 2022, 2023 and 2024
“Underwriters”	the Hong Kong Underwriters and the International Underwriters

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“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Unlisted Foreign Shares”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which were subscribed for or credited as paid in U.S. dollars and held by foreign Shareholders
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“Xiamen Unisound”	Xiamen Unisound Intelligence Technology Co., Ltd. (廈門雲知芯智能科技有限公司), a company established in the PRC with limited liability on October 18, 2017 and a wholly-owned subsidiary of our Company
“Yunchuang Hudong”	Beijing Yunchuang Hudong Investment Management Consulting Partnership (北京雲創互動投資管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on May 13, 2015, and one of our Employee Incentive Platforms and Controlling Shareholders
“Yunsi Shangxin”	Tianjin Yunsi Shangxin Enterprise Management Consulting Partnership (Limited Partnership) (天津雲思尚信企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on January 19, 2017, and one of our Employee Incentive Platforms
“Yunsi Shangyi”	Yunsi Shangyi (Tianjin) Enterprise Management Partnership (Limited Partnership) (雲思尚義(天津)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on March 28, 2016 and one of our Controlling Shareholders
“Yunsi Shangzhi”	Yunsi Shangzhi (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (雲思尚智(天津)企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 12, 2016 and one of our Employee Incentive Platforms

In this prospectus, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction,” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires

DEFINITIONS

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain terms used in this prospectus in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“5G”	the 5th generation mobile network, a new global wireless standard after 1G, 2G, 3G, and 4G networks
“AGI”	artificial general intelligence, the representation of generalized human cognitive abilities in artificial intelligence so that, when faced with any unfamiliar task that a human being is capable of, it could find a solution to perform such task
“AI”	artificial intelligence, an area of computer science that focuses on simulating human intelligence by machines
“AI model”	an algorithm that relies on training data to recognize patterns and make predictions or decisions
“AI solutions”	ready-to-use and automated analytics AI capabilities that can generate accurate and meaningful insights to meet new business trends and customer demands by deploying hardware, software and cloud computing services
“algorithm”	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
“API”	application programming interface, a set of defined rules that enable different applications to communicate with each other
“audio-visual synthesis” or “AVS”	a technology that allows synthetic creation of both audio and visual material
“BERT”	bidirectional encoder representations from transformers, a transformer-based machine learning model for natural language processing
“BI”	business intelligence
“CAGR”	compound annual growth rate
“CDSS”	clinical decision support system
“Class III hospital”	a multi-regional hospital with large capacity that provides high-quality professional medical services and undertakes higher education and scientific research initiatives, which is designated as a Class III hospital by the NHC hospital classification system
“cloud”	a network of remote servers hosted on the Internet and used to store, manage, process data, and offer algorithms in place of local servers or personal computers

GLOSSARY OF TECHNICAL TERMS

“computer vision”	a field of AI that enables computers and systems to derive meaningful information from digital images, videos and other visual inputs and to take actions or make recommendations based on that information
“conversational AI”	a type of AI that can simulate human conversation. It is made possible by natural language processing
“convolutional neural network” or “CNN”	a class of artificial neural network that specifically designed for image processing and recognition tasks
“Daily Life”	our business sector covering a range of application scenarios where AI solutions are integrated to improve the convenience and quality of people’s everyday life, including transportation, commercial space, hospitality and residential scenarios, among others
“data science”	refers to AI-driven decision-making that provides predicative analysis and recommendations from large datasets to support and guide actions, such as business decisions
“deep learning” or “DL”	a class of machine learning algorithms that constructs artificial neural networks to mimic the structure and function of the human brain, and progressively extract higher-level features from the raw input
“deep neural network” or “DNN”	a deep learning architecture inspired by information processing and distributed communication nodes in biological systems and is applied to enhance data capturing and analysis capabilities
“fine-tuning”	an approach to transfer learning in which the weights of a pre-trained model are trained on new data
“generative adversarial networks” or “GAN”	a machine learning model in which two neural networks compete with each other to become more accurate in their predictions
“GPT”	generative pre-trained transformer, a type of large language model and a prominent framework for generative artificial intelligence
“GPU”	graphic processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
“industry-scale knowledge graphs” or “IKG”	graphs that enable data analysis and decision-making of an industry through linking concepts, entities, relationships and events

GLOSSARY OF TECHNICAL TERMS

“IoT”	Internet of things, the extension of internet connectivity into physical devices and everyday objects
“knowledge graph”	a knowledge base that uses a graph structured data model to store and organize information
“MWh”	megawatt-hour, a unit of energy that equals to 1,000 kilowatts of electricity generated per hour and is used to measure electric output
“large language model” or “LLM”	a computerized language model consisting of an artificial neural network with tens of millions of parameters, trained on large quantities of unlabeled text using self-supervised learning or semi-supervised learning
“LoRA”	low-rank adaptation of large language models, a training method that accelerates the training of large language models while consuming less memory
“LEED Certified Building”	a building that has been recognized under the Leadership in Energy and Environmental Design (LEED) program, which is a globally recognized green building certification system developed by the U.S. Green Building Council
“MaaS”	model as a service, a type of service which packages the suitable AI engines toolbox for specific industry verticals and cater to the needs of massive number of customers with cost-efficient customization
“machine learning” or “ML”	an application of AI that provides machines the ability to automatically learn and improve from experience without being explicitly programmed
“Major Customer(s)”	customer(s) from whom we had revenue over RMB1 million in a prescribed period in Daily Life and Healthcare.
“MOS”	mean opinion score, a commonly-used metric to measure the overall voice call quality
“natural language processing” or “NLP”	a process in which systems accumulate data as they work and extract ever more accurate meaning from huge volumes of raw, unstructured, and unlabeled text and voice data sets through deep leaning models and learning techniques
“NLU”	natural language understanding, a subtopic of natural language processing in artificial intelligence that deals with machine reading comprehension

GLOSSARY OF TECHNICAL TERMS

“NPU”	neural processing unit, a microprocessor that specializes in the acceleration of machine learning algorithms, typically by operating on predictive models
“OCR”	optical character recognition, the electronic or mechanical conversion of images of text into machine-encoded text
“PACS”	picture archiving and communication system, a medical imaging technology which provides economical storage and convenient access to images from multiple modalities (source machine types)
“PB”	petabyte, a multiple of the unit byte for digital information with 1 petabyte equal to 10^{15} bytes
“PCB”	printed circuit board, a flat panel composite with alternating layers of printed conductors and electrical insulation, typically interconnected by conductive holes; PCBs provide platforms to connect semiconductors and other electronic, optical or mechanical devices to form a circuit or functional system
“PFLOPS”	peta floating point operations per second, a measure of computing capabilities. One PFLOPS computer system is capable of performing one quadrillion floating-point operations per second
“potential contracts”	represents signed contracts that have not yet recognized revenue and contracts currently in the process of being finalized
“Q&A”	questions and answers
“R&D”	research and development
“recurrent neural network” or “RNN”	a type of artificial neural network which uses sequential data or time series data
“reinforcement learning” or “RL”	a machine learning training method based on rewarding desired behaviors and/or punishing undesired ones
“reinforcement learning from human feedback” or “RLHF”	a machine learning training method that combines reinforcement learning techniques with human guidance
“SDK”	software development kit, a set of software development tools that allows the creation of applications for a certain software package
“SSP frontend”	digital front-end for speech signal processing

GLOSSARY OF TECHNICAL TERMS

“text-to-speech” or “TTS”	a technology that allows written text to be output as speech
“Transformer” or “transformer”	a deep learning model, distinguished by its adoption of self-attention, differentially weighting the significance of each part of the input data

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- general political and economic conditions, including those related to the PRC;
- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business operations and prospects;
- our capital expenditure plans;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and our business plans; and
- various business opportunities that we may pursue.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management’s view only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

RISK FACTORS

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

These factors are contingencies that may or may not occur, and we are not 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” in this prospectus.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

The industries in which we operate are characterized by constant changes. We may not be able to continuously develop and innovate our technologies and provide products and solutions that meet the expectations of customers.

The AI industries in which we operate are characterized by constant changes, including rapid technological evolution, frequent introductions of new products and solutions, continual shifts in customer demands and constant emergence of new industry standards, practices and regulatory requirements. Thus, our success depends, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market potential. We also need to invest significant resources in R&D to lead technological advances to keep our solutions competitive. In 2022, 2023 and 2024, our R&D expenses amounted to RMB287.1 million, RMB286.3 million and RMB370.1 million, accounting for 47.8%, 39.4% and 39.4% of our revenue in respective years. With the technological advancement, particularly the growth of AI technologies and applications, we may incur substantial R&D expenses during the periods of technological transformation to adapt to the evolving competitive landscape and technology development, and lay a foundation for future growth, which is a common approach observed among companies utilizing AI, according to Frost & Sullivan. However, given the inherent uncertainties of R&D activities, there can be no guarantee that we will continue to succeed in technological innovations and effectively commercialize them. Consequently, any failure in our R&D activities or commercialization endeavors may materially and adversely affect our business, financial condition, results of operations and prospects.

We provide AI products and solutions supported by UniBrain. New technologies in AI and AGI, machine learning, NLP, knowledge graph, computer vision and IoT technologies could render our technologies or solutions obsolete or unattractive. If we are unable to keep up with the technological developments to maintain the competitiveness of our solutions in an efficient manner, or at all, our business, financial condition and results of operations would be materially and adversely affected.

We are subject to credit risk related to delay in payment and defaults of customers.

We are exposed to credit risk related to delay in payment and defaults of our customers. There is no guarantee that all our customers will settle payment in full as it falls due. If any of our customers

RISK FACTORS

refuses to confirm the summary, becomes insolvent or delays its payment of our fees, our cash flow, as well as our business, financial position and results of operations could be adversely affected. As of December 31, 2022, 2023 and 2024, our trade receivables amounted to RMB368.9 million, RMB411.1 million and RMB559.2 million, respectively, and we had allowance for impairment of trade receivables of RMB137.6 million RMB212.1 million and RMB241.3 million, respectively. Our trade receivables turnover days were 254 days, 283 days and 277 days in 2022, 2023 and 2024, respectively. We may not be able to collect all such trade receivables due to a variety of factors that are outside of our control, including long payment cycle of certain customers, adverse operating conditions or financial situation of customers, and customers' inability to pay caused by their end users' delay in payment. In particular, any financial difficulties experienced by our customers or end users may result in a reduction in their engagement of our products and solutions and expose us to higher credit risks, which could in turn materially and adversely affect our financial condition and results of operations.

In particular, we had extensive collaboration with Shimao Group Holdings Limited (“**Shimao Group**”) during the Track Record Period. We provide Shimao Group with our Daily Life solutions, including residential and hospitality solutions. As of December 31, 2024, the total backlog contract value of our ongoing projects amounted to RMB44.2 million. As of the same date, we had outstanding trade receivables of RMB28.7 million with Shimao Group, of which we made provision of RMB26.3 million. In January 2025, a winding-up petition was filed against Shimao Group, which was subsequently ordered to be withdrawn by the Hong Kong High Court on February 25, 2025. Shimao Group also announced a restructuring plan for its offshore debts, which has been sanctioned by the High Court of Hong Kong on March 13, 2025. The effects of such procedures on us remain uncertain, and additional liquidation or restructuring actions involving Shimao Group may arise in the future. Given the above, there are uncertainties as to the financial conditions of Shimao Group and our ongoing business engagements with Shimao Group, which may impair our ability to complete ongoing projects, recognize anticipated revenue or recover trade receivables, which could in turn materially and adversely affect our financial condition and results of operations. See “Business – Customers – Collaboration with Shimao Group” and “Financial Information – Discussion of Certain Key Balance Sheet Items – Current Assets and Liabilities – Trade Receivables.”

We may not be able to compete successfully against current or future competitors.

The AI industries in which we operate are highly competitive. We primarily compete with other AI solution providers, as well as traditional digital solution providers and system integrators. We also compete with existing players in each industry vertical we enter, who may not currently have AI capabilities but may develop AI enhancements for current solutions or acquire AI capabilities from other AI companies. We may also in the future face competition from new entrants who may possess substantial financial resources, sophisticated technological capabilities and broad distribution channels and may offer solutions that directly compete with ours. We may face potential competition from global technology companies that seek to enter the China market, whether independently or through the formation of strategic alliances with, or acquisition of, AI companies in China. Increased competition could result in lower sales, price reductions, reduced margins and loss of market share.

To respond to heightened competition, we may be required to increase investments in marketing, sales and most importantly R&D. We cannot assure you that such measures will be effective and yield desired results. Our products and solutions may be replicated by our competitors, requiring us to constantly update and improve the quality of our offerings to remain competitive. If we

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fail to do so, it will be difficult for us to differentiate ourselves from competitors and we may lose market share. If we are unable to compete successfully in a cost-efficient manner, or at all, our business, financial condition and results of operations could be adversely affected.

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

We recorded net losses of RMB375.4 million, RMB376.2 million, RMB454.2 million in 2022, 2023 and 2024, respectively. We may continue to record net losses as our business remains in an expanding stage and we are continuously investing in R&D. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, successfully commercialize our AI technologies, enhance customer experience, compete effectively and expand our customer base. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur losses in the future and may not be able to achieve or subsequently maintain profitability.

We recorded net liabilities of RMB1,911.2 million, RMB2,298.8 million and RMB2,752.9 million in 2022, 2023 and 2024 respectively, primarily due to our redemption liabilities recognized as non-current liabilities, relating to certain redemption rights granted to our Pre-IPO Investors that will cease to be effective when we submit the listing application to the Stock Exchange, subject to certain conditions. See “History, Development and Corporate Structure — Pre-IPO investments.”

In addition, we recorded net operating cash outflows of RMB165.6 million and RMB284.1 million and RMB319.0 million in 2022, 2023 and 2024, respectively. We may continue to have net cash outflow from operating activities in the near future as we plan to continue to invest heavily in R&D efforts. Our negative operating cash flows could adversely affect our operations by reducing the amount of cash available to meet the cash needs for operating our business and funding our investments in technological innovation and business expansion. If our future operating cash flows fail to improve to a level to sufficiently cover our overall cash needs, we may plan to seek equity or debt financing to fund our operations in the future. Such financing might not be available to us promptly or on terms that are acceptable, or at all, and we may have limited financing channels due to our negative cash flow. If we fail to obtain the required additional financing before we are able to reach levels of revenue to meet our financial needs, our operation may be restricted or suspended. We may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected if we cannot obtain sufficient capital to meet our needs.

Our recent growth is not necessarily indicative of our future performance, and we may not be able to sustain our revenue growth rate in the future.

Our revenue increased by 21.1% from RMB600.6 million in 2022 to RMB727.3 million in 2023, and further increased by 29.1% to RMB939.0 million in 2024. However, you should not rely on the revenue growth of any prior period as an indication of our future performance. We cannot assure you that we will be able to manage our growth at the same rate as we did in the past or avoid any decline in the future. To maintain our growth, we need to expand our product and solution offerings, broaden our customer base and strengthen our technology capabilities, among others. To effectively manage the expected growth of our operations and personnel, we will also be required to refine our

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operational, financial and management controls and reporting systems and procedures. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not successfully attract a sufficient number of customers in a cost-effective manner, respond timely to competitive challenges, or otherwise execute our business strategies. Our growth requires significant financial resources and will continue to place significant demands on our management. There is no guarantee that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all.

The AI industry is subject to evolving and extensive regulation in China. Future laws and regulations may impose additional requirements and other obligations that could materially and adversely affect our business, financial condition and results of operations.

The AI industry in China is evolving and we may experience strengthened regulatory environment along with rapid industry evolution. Our business may be subject to extensive regulation governing the industry. Government authorities in the PRC may continue to issue new laws, rules and regulations governing the industry in which we operate in the PRC. For example, on July 10, 2023, the CAC issued the Interim Measures for the Administrative Measures on Generative Artificial Intelligence Services (《生成式人工智能服務管理辦法》) (the “**Measures on Generative AI Services**”), which imposes compliance requirements for providers of generative AI services. The Measures on Generative AI Services require generative AI service providers to take effective measures to enhance the accuracy and reliability of the content created by the generative artificial intelligence. Generative AI service providers shall (i) assume the responsibilities of content producers and perform network information security obligations; (ii) assume the responsibilities of processors of personal information to protect personal information; and (iii) process training data such as conducting pre-training optimization in accordance with applicable laws and regulations. In addition, the providers of generative AI services with public opinion attributes or the capacity for social mobilization shall apply for security assessment and complete the filing formalities of algorithms in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》). See “Regulatory Overview — Regulations and Policies on Artificial Intelligence Technologies.” The interpretation and implementation of existing measures are evolving and the PRC regulatory agencies, including the CAC, may further adopt new laws, regulations, rules, or detailed implementation and interpretation related to the above-mentioned measures, which may negatively affect us. As such, we cannot assure you that our compliance measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the then applicable laws and regulations, such actual and alleged failure could subject us to significant legal, financial and operational consequences.

In addition, the government authorities have imposed, and may continue to impose, requirements relating to, among other things, new and additional licenses, permits and approvals on us, which we may not be able to obtain, maintain or comply with. 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. New laws and regulations and the interpretation to existing laws and regulations may be promulgated and come into effect from time to time. We cannot assure you that we will not be found in violation of any future laws, regulations and policies, or any of the laws, regulations and policies, currently in effect due to changes in the interpretation of these laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses, certificates or approvals or make the necessary filings in any of the jurisdiction

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where we operate our business, we may be subject to various penalties, such as confiscation of the revenue that were generated through the unlicensed activities, imposition of fines, and discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We are subject to complex and evolving laws, regulations and governmental policies regarding data security, privacy and personal information. Actual or alleged failure to comply with privacy and data protection laws, regulations and governmental policies could damage our reputation, deter current and potential customers from using our products and solutions and could subject us to significant legal, financial and operational consequences.

In recent years, data security and privacy protection has become an increasing regulatory focus of government authorities across the world. The PRC government has enacted a series of laws and regulations on privacy protection and data security in the past few years. When conducting our business, we may have access to certain data of our users and therefore are subject to the privacy and data protection laws and regulations, including without limitation, the PRC Civil Code Law (《中華人民共和國民法典》), and the PRC Cybersecurity Law (《中華人民共和國網絡安全法》). Moreover, different regulatory bodies in PRC, including the MIIT, the CAC, the Ministry of Public Security, and the SAMR have enforced data security and privacy protections laws and regulations with various standards and applications. The various standards in enforcement of data privacy and protection laws may increase our operating cost, as we need to spend time and resources to comply with various such standards. Furthermore, the PRC regulatory and enforcement regime with regard to cybersecurity and data protection is still evolving. PRC regulators have been increasingly focused on regulation in the areas of cybersecurity and data protection. The following are examples of recent PRC regulatory activities in this area.

On August 20, 2021, the State Council promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), effective from November 1, 2021. The Personal Information Protection Law requires, among others, that (i) the processing of personal information should have a clear and reasonable purpose which should be directly related to the processing purpose, in a method that has the least impact on personal rights and interests, and (ii) the collection of personal information should be limited to the minimum scope necessary to achieve the processing purpose to avoid the excessive collection of personal information. Entities handling personal information shall bear responsibilities for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the entities handling personal information could be ordered to rectify, or suspend or terminate the provision of services, and face confiscation of illegal income, fines or other penalties.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》). The PRC Data Security Law, among others, provides for a security review procedure for the data activities that may affect national security. On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the revised Cybersecurity Review Measures (《網絡安全審查辦法》) with effect from February 15, 2022, according to which critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further stipulate that an online platform operator who possesses personal information of over one million users and intends for

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listing in a foreign country (國外上市) must be subject to the cybersecurity review. See “Regulatory Overview – Regulations on Cyber Security and Data Protection.” Our legal advisor as to PRC data security law is of the view that the term of “listing on a foreign stock exchange (國外上市)” under the Cybersecurity Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review. In the meantime, the Cybersecurity Review Measures grant the governmental authorities the discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. The exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear and the identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》).

As of the Latest Practicable Date, no detailed rules or guidance with respect to the implementation of such regulations has been issued by any government authorities, and the Company and its PRC Subsidiaries have not received any notification determining the Company or its PRC Subsidiaries as “critical infrastructure information operator” from the relevant supervisory authorities. However, the exact scope of “critical information infrastructure operators” under the current regulatory regime remains unclear, and the PRC government authorities may have the discretion in the interpretation and enforcement of these laws, and there can be no assurance that the relevant PRC government authorities would not determine us as “critical infrastructure information operator” in the future. In addition, it is possible that we may become subject to additional or new laws and regulations in this regard, particularly to cybersecurity and protection laws in other jurisdiction if we extend our business outside of the PRC in the future, which may result in additional expenses to us and subject us to potential liability and negative publicity.

Furthermore, on September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Data Security Regulations**”), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes “affecting national security.” As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions.

As of the Latest Practicable Date, we have collected the personal information of over one million users, and such information is mainly collected from or generated by developers and end users using our platforms or solutions, including the basic information of enterprise or individual developers on our platforms, and the speech data produced by our end users. The likelihood that such information is related to activities affecting national security is relatively low because (i) the data processed by us has not been defined as core or crucial data as defined by the PRC Data Security Law and has not been classified as any core or crucial data by any PRC government authorities; (ii) the information we collect and generate within the territory of mainland China is stored within the territory of mainland China, and our daily operations are not involved in cross-border transfer of identified core data, crucial data or a large amount of personal information; (iii) as of the Latest Practicable Date, we have implemented comprehensive policies and rules and taken necessary measures on cybersecurity and data protection, which are in compliance with the mandatory requirements of the PRC government authorities in all material respects; (iv) during the Track Record Period and up to Latest Practicable

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Date, we have not received any investigation, notice, warning, or sanctions from any PRC government authorities regarding national security, including but not limited to cybersecurity review initiated by governmental authorities; and (v) we had not been involved in any service, product or data processing activities that might give rise to national security risks based on the factors set out in the Cybersecurity Review Measures. See “Regulations—Regulations on Cyber Security and Data Protection” for details. However, our PRC Legal Advisors advised us that, given that (i) there is no detailed rules as to the identification of core or crucial data and the identification of core or crucial data are subject to interpretation by relevant PRC government authorities in practice; (ii) there is no clear explanation or interpretations as to how to determine what constitutes “affecting national security” under the current effective PRC laws and regulations; and (iii) the PRC regulatory authorities have the discretion in interpreting the regulations, the PRC regulatory authorities may take a view that is contrary to the above view. In addition, we cannot predict the impact of the draft regulations, if any, at this stage, and we will pay close attention to and assess any development in the rule-making process. If the enacted version of the draft regulations mandate clearance of cybersecurity review and other specific actions to be completed by companies like us for the Global Offering or our future capital raising activities, or if we are subject to such ex officio cybersecurity reviews initiated by the government authorities, we may face uncertainties as to whether such clearance can be timely obtained, or at all. Failure to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, may prevent us from using certain network products and services and subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, and revoking relevant business permits or business licenses, among other sanctions. See “Regulatory Overview – Regulations on Cyber Security and Data Protection.”

The laws and regulations regarding data security and privacy protection in China, as well as other countries, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the integrity of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyber-attacks. If we are unable to comply with the then applicable laws and regulations, or to address any data security and privacy protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

We may not be able to retain existing customers, attract new or increase their spending.

Our abilities to retain existing customers, attract new customers, as well as increase the spending by our customers depend on a number of factors, including our ability to offer more AI solutions that address the needs of our customers at competitive prices, the quality of our customer support, the compatibility of our products and solutions, and our data analytics capabilities. If we fail to retain existing customers or attract new customers, we may not be able to grow our revenue as quickly as we anticipate, or at all.

We may be unable to provide customers with products and solutions that meet the specific demand of such customers. From time to time, we may find defects in our products and solutions, and new errors in our existing products and solutions may be detected. Since our customers use our service for important aspects of their business, any errors, defects, disruptions in service or other performance problems with our offerings could hurt our reputation and may damage our customers’ businesses.

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Customer support is critical to maintaining customer satisfaction, but we may not be able to continuously deliver high quality customer support. For example, we may not be able to recruit or retain sufficient qualified support personnel with experiences in supporting customers and end users of our products and solutions, which could result in customer dissatisfaction, decreased overall demand for our solutions and loss of expected revenue. We also may be unable to modify the future scope and delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors. In addition, our failure to meet customer service expectations may damage our reputation and could consequently limit our ability to retain existing customers and attract new customers, which would materially and adversely affect our business and results of operations.

Furthermore, the quality of data and user feedback are key to the improvement of our large language model and products and solutions. The quality and availability of such information cannot be assured. Our data labels may be out of date, inaccurate or lacking credible information, which could materially affect the accuracy and validity of our data analytical capability, products and solutions, and in turn adversely affect our reputation, business operations and financial performance.

The competitiveness of our products and solutions depends in part on their ability to operate with products and services of third parties. As we make our products and solutions available across a variety of IT systems and devices, we depend on the compatibility of our offerings with mainstream devices and IT systems that we do not control. Any changes to technologies used in our products and solutions to existing features that we rely on, or to IT systems which make it difficult for our customers or end users to access our products or solutions, may make it more difficult for us to maintain or increase our revenues.

In addition, we may fail to predict the future level of demand for our products and solutions as the demand of our customers may be affected by a combination of factors beyond our control, such as market or economic conditions, government policies and regulatory environment, making it difficult to predict our future financial performance or increase the spending of our customers. If we fail to respond to constant changes in market and political conditions, or if the major industries we operate in do not develop as we expect, we may lose significant business opportunities, and our business and results of operations may be materially and adversely affected.

We are subject to risk related to the prolonged cash conversion cycle.

During the Track Record Period, we experienced increased inventory turnover days, which are 46 days, 49 days and 71 days in 2022, 2023 and 2024, respectively. Such increases were primarily due to an increase in contract fulfillment cost arising from the ongoing solution projects that are yet to be delivered to and accepted by the customers by the year end. See “Business – Logistics and Inventory Management – Inventory Management.” In addition, our trade receivables turnover days remained relatively high at 254 days in 2022, 283 days in 2023 and 277 days in 2024, primarily because (i) during the Track Record Period, we had been continuously expanding our business in the public sectors such as transportation and healthcare, the customers of which, mainly including government departments, public institutions and state-owned enterprises, typically have a longer payment cycle in accordance with their internal financial management and payment approval processes; and (ii) certain of our private sector customers were in the process of improving their overall liquidity condition during a slow post-pandemic recovery in 2022 and 2023. See “Financial Information – Discussion of Certain Key Balance Sheet Items — Current Assets and Liabilities – Trade Receivables.” Although we have been diversifying our customer profile and aim to continuously improve the collection of trade

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receivables and the turnover days by strengthening communication with customers, actively collecting and negotiating feasible repayment plans based on actual conditions, these efforts may not be successful and if our inventory turnover days and our trade receivables turnover days continue to increase or remain relatively high, it may lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital. Our financial position, business and results of operations might be adversely and materially impacted.

We may fail to manage our inventory effectively.

Our inventory primarily includes purchased hardware and software, including AI chips, AI modules and AI devices, as well as contract fulfillment costs. As of December 31, 2022, 2023 and 2024, the balance of our inventories was RMB33.6 million, RMB67.9 million and RMB140.3 million, respectively. See “Financial Information – Discussion of certain key balance sheet items – Current assets and liabilities – Inventories.” Maintaining an optimal level of inventory is important for the success of our business. We determine our level of inventory based on our experience, number of orders from customers and assessment of customer demand.

Inventories levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs and a potential negative effect on our liquidity. On the other hand, failure to maintain a sufficient inventory level may result in slow movement of our inventories and inability to timely utilize or sell our inventories. As we plan to continue expanding our product and solution offerings, we expect to include more materials in our inventories, which will make it more challenging for us to manage our inventories effectively. If we fail to manage our inventories effectively, we may be subject to a heightened risk of inventories obsolescence and any such situation may have a material and adverse effect on our business, financial condition and results of operations.

Our business depends substantially on the continuing efforts of our management and other key personnel, as well as a competent pool of talents that support our operations and future growth, and we may not be able to retain, attract, recruit and train such personnel.

Our success depends on our ability to retain existing management and other key personnel including renowned scientists and attract, recruit and train a large number of qualified employees. In particular, we rely on our R&D team to develop advanced algorithms and technologies and experienced sales personnel to attract customers and increase their level of engagement with us. To compete for talent, we may need to offer higher compensation, better training and more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain a 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.

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Our strategic partnerships with academic institutions for joint R&D projects and other initiatives may not continue.

We entered into strategic partnerships with academic institutions for joint R&D projects and other initiatives. See “Business – Research and Development – R&D Collaboration.” There can be no assurance that these institutions will continue to collaborate with us on commercially reasonable terms or at all. We also cannot assure you that we will be able to establish new joint research projects, or extend existing relationships with the academic institutions when our agreements with them expire. Furthermore, certain of our agreements with the institutions may be terminated prior to their specified termination dates, the institutions may alter the contract terms previously agreed between us, and they are under no obligation to continue our collaboration. If we are unable to maintain our relationships with the institutions, or any of our collaboration with the institutions are terminated, our business, results of operations and prospects could be materially and adversely affected.

Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyber-attacks.

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload, and by damages from fires, floods, earthquakes and other natural disasters, telecommunication failures, power loss, human error or other accidents. Our infrastructure and systems may be breached if any vulnerabilities therein are exploited by unauthorized third parties.

Any such disruption or inadequacy that causes interruptions to our operations or failure to maintain the network and server, could affect the ability of customers to use our products and solutions and reduce our customer satisfaction. An actual or perceived attack or security breach may damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches. During the Track Record Period, we did not experience any material network or service interruption, system failure, data loss, inadequacy, security breaches or cyber-attacks. We cannot assure you that any applicable recovery system, security protocol, network protection mechanisms or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures, data losses, inadequacy, security breaches or cyber-attacks. Despite any precautionary measures we may take, the occurrence of unanticipated problems that affect our technology infrastructure could result in interruptions in the availability of our products and solutions. It may be difficult for us to respond to such interruptions in a timely manner, or at all. As a result, our reputation, business and financial condition could be adversely affected.

Our business is dependent on our brand recognition.

Our business and financial performance depends on the strength and the market acceptance of our brands. Our products and solutions may malfunction, become obsolete or otherwise fail to meet customers’ expectation. Any loss of trust in our products and solutions could harm the value of our brands, which could materially reduce our revenue and gross margin. For example, if customers are unsatisfied with our products or solutions, our reputation could be materially affected, and our business, financial condition and results of operations could be materially and adversely affected.

From time to time, we participate in offline events, such as industry conferences and product launches, and work with media or search engine companies to associate our brands and reputation with

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technology or to promote our new products and solutions, which may cause us to substantially increase our marketing expenditures. However, we cannot assure you that these activities will be successful or that we will be able to achieve the promotional effect we expect.

We depend on third party business partners in our business operations. Such arrangements may reduce our control over supply sufficiency, product quantity and quality, development, enhancement and product delivery schedule.

We engage suppliers to supply certain hardware of our AI products and solutions. We have also outsourced much of our transportation and logistics management, software development support and certain non-essential R&D tasks to third-party contractors. While these arrangements may lower our operating costs, they may also reduce our direct control over development and delivery. We may experience operational difficulties with our suppliers, and contractors, including supply shortage, reductions in the availability of resources and capacity, failures to comply with our standard, insufficient quality control, longer lead time required and delays in the development process. For example, any supply shortages for semiconductors broadly in the market may have an impact on the supply of semiconductors for our products.

Our suppliers, and contractors may experience disruptions in their operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, environmental non-compliance issues or other similar problems. In addition, we may not be able to renew contracts with our suppliers, or contractors or identify suitable substitute partners.

Although arrangements with these partners may contain provisions for warranty expense reimbursement, we may remain responsible for the customer for warranty service in the event of product defects and could experience an unanticipated product defect or warranty liability. Any failure of our suppliers and contractors to perform their responsibilities or to be in compliance with all applicable laws and regulations may have a material negative impact on our operations or compliance.

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

We use open source software in some of our products and solutions and expect to continue to use open source software in the future. Although we monitor our use of open source software to avoid subjecting our software to conditions we do not intend, we may face allegations from others alleging ownership of, or seeking to enforce the terms of, an open source license, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed using such software. These allegations could also result in litigation. The terms of many open source licenses have not been interpreted by courts. There is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our software and platform. In such an event, we may be required to seek licenses from third parties to continue commercially offering our software, to make our proprietary code generally available in source code form, to re-engineer our software or to discontinue the sale of our software if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business and revenue.

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AI technologies are in nascent stage of development. We may experience misuse of AI technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties.

AI technologies are in the process of rapid development and continue to evolve. Similar to many disruptive innovations, AI technologies present risks and challenges, such as misuse by third parties for inappropriate purposes, for purposes breaching public confidence or even violating applicable laws and regulations in China. Application of AI technologies in illegal, biased, unfair or otherwise inappropriate manners could affect customer perception, public opinions and their adoption. We have adopted a series of internal control measures to prevent the misuse of our technologies and data. See “Business – Risk Management and Internal Control.” However, we cannot assure you that the measures we take to prevent the misuse of our technologies will always be effective, or that our technologies will not be misused or applied in a way that is inconsistent with our intention or public expectation. Any inappropriate, abusive or premature usage of AI technologies, whether actual or perceived, whether intended or inadvertent and whether by us or by third parties, may dissuade prospective customers from adopting AI solutions, may impair the general acceptance of AI solutions by the society, may attract negative publicity and adversely impact our reputation and may even violate applicable laws and regulations in China and subject us to legal or administrative proceedings and/or other organizations and heightened scrutiny by the regulators. Each of the foregoing events may in turn materially and adversely affect our business, financial condition and results of operations.

We had concentration of customers during the Track Record Period.

During the Track Record Period, we relied on a limited number of customers. In 2022, 2023 and 2024, revenue generated from our five largest customers in each year during the Track Record Period represented 30.8%, 27.4% and 26.7% of our total revenue, respectively, while the percentage of our revenue attributable to our largest customer in each year during the Track Record Period amounted to 13.1%, 9.3% and 7.0% of our total revenue for the same years, respectively. See “Business—Customers.” We cannot guarantee that we will be able to continue to maintain our relationships with our major customers, or that we will be able to derive any business from them in the future. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition and results of operations may be materially and adversely affected.

We may default on bank borrowing and guarantee agreements.

We are subject to restrictive covenants under some of our bank borrowing and guarantee agreements. Such restrictive covenants include, among others, limitations on our ability to license intellectual property rights and repayment in advance. These covenants limit the manner in which we conduct our business and we may be unable to engage in certain business activities or finance future operations or capital needs. During the Track Record Period, we did not experience any material default on bank borrowing and guarantee agreements. If we fail to meet restrictive covenants under our bank borrowing and guarantee agreements, lenders may declare all borrowings outstanding and accrued and unpaid interest to be immediately due and payable, and we may be also required to pay accrued and unpaid interest at higher interest rates. If lenders accelerate the repayment of our borrowings, we may not have sufficient cash to timely repay the borrowings and repayments may disrupt our cash flow and liquidity plans. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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

A number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. Our PRC subsidiaries recognized as high and new technology enterprises are subject to a reduced EIT rate of 15%. Such preferential tax treatments are subject to change and termination. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. See “Financial Information—Description of Major Components of our Results of Operations – Income Tax Credit/(Expense)—PRC.”

We also receive grants from local governments, which are discretionary and vary from year to year. In 2022, 2023 and 2024, we recorded government grants as other income amounting to RMB13.2 million, RMB32.7 million and RMB16.1 million, respectively. Local governments may decide to adjust such grants in the future. We cannot assure you of the continued availability of the government grants currently enjoyed by some of our PRC subsidiaries. Any reduction, cancelation, or repayment of government grants could adversely affect our business, financial condition and results of operations.

We face risk associated with our investment, including the exposure of fair value changes for our financial assets at fair value through profit or loss and valuation uncertainty.

During the Track Record Period, we had invested in wealth management products and unlisted equity investments and may, from time to time, invest in such products in the future. As of December 31, 2022, 2023 and 2024, our financial assets at fair value through profit or loss amounted to RMB21.7 million, RMB99.6 million and RMB24.3 million, representing 3.8%, 9.0% and 2.3%, of our total assets. We are exposed to credit risk in relation to such investments, which may adversely affect the net changes in their fair value. Our investments may earn yields substantially lower than anticipated, and the fair values of our investments may fluctuate significantly, which contribute to the uncertainties in valuation. The financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value are recorded under net other gains/(losses), and therefore directly affect our results of operations. If we record fair value losses, our financial condition, results of operations and prospects may be adversely affected. See Note 25 to the Accountant’s Report in Appendix I to this prospectus.

We use significant unobservable inputs, such as the expected yield of the underlying investment portfolio and discount rate, in valuing such financial assets. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations.

We have share incentive plans and may grant share-based awards in the future, which may result in increased share-based compensation expenses.

We adopted share incentive plans for the purpose of granting share-based compensation awards to our officers, directors, employees and other eligible persons to incentivize their performance and

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align their interests with ours. We have adopted the 2016 Employee Incentive Scheme and the 2023 Employee Incentive Scheme, and recorded share-based payment expenses of RMB4.5 million and nil in the year ended December 31, 2023 and 2024, see “Statutory and General Information — D. Employee Incentive Schemes” in Appendix VI to this prospectus. We believe the granting of share-based compensation awards is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation awards in the future. As a result, our expenses associated with share-based compensation may increase, which may have a material and adverse effect on our financial condition and results of operations, and issuance of additional shares for future share-based compensation awards may dilute our shareholding. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees. In case we decide to reserve and issue additional shares under our share incentive plans, your interests in our Company will be further diluted by such issuance.

The changes in the carrying amount of redemption liabilities may adversely affect our financial condition and results of operations.

Our financial instruments issued to investors were primarily related to redemption rights granted to certain investors of our Series Angel, Series A, Series B, Series C, Series C+, Series D, Series D+, Series D1, Series D2 and Series D3 financing. The redemption rights of the investors constitute our redemption liability to repurchase our own equity instruments. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs. We had redemption liabilities of RMB2,109.0 million, RMB3,038.5 million and RMB3,303.1 million as of December 31, 2022, 2023 and 2024, respectively. Any significant fluctuations in the changes in the carrying amount of financial instruments issued to investors due to changes in the amortized cost may materially affect our financial condition and results of operations.

Our performance is subject to seasonality.

We experience seasonality in our business. Typically, our products and solutions generate higher revenue in the second half of the financial year due to our customers’ preference to conclude projects in accordance with their financial budgets’ approval procedures and usual business plan. See “Financial Information — Major Factors Affecting Our Results of Operations and Financial Condition — Company Specific Factors — Seasonality.” Any comparisons of our operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as indicators of our performance. Our financial condition and results of operations for future periods may continue to fluctuate, from time to time, due to seasonality.

We may experience any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including COVID-19 pandemic, avian influenza, severe acute respiratory syndrome, H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial condition and results of operations. During the Track Record Period, the COVID-19 pandemic, its recurrence and related travel restrictions temporarily prevented us from engaging with customers through in-person meetings and providing them with deployment and technical support services. An

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outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore our business.

We are also vulnerable to natural disasters and other calamities because our properties and information systems are susceptible to damage or disruption from fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks, or similar events. Any of the foregoing events may give rise to interruptions, damage to our property, breakdowns, system failures, technology platform failures, or internet failures, which could result in disruptions to our business operations and adversely affect our business, financial condition and results of operations.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

We are susceptible to claims and various legal and administrative proceedings. Claims arising out of actual or alleged violations of law, breach of contract or torts could be asserted against us by customers, business partners, suppliers, competitors, employees or governmental entities in investigations and legal proceeding. In particular, we may be subject to product liability claims if our products contain significant defects. Products and solutions within the industry, such as those we develop, may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Given that many of our customers use our products and solutions in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and solutions could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales.

Regardless of the merit of the particular claim, legal and administrative proceedings may be expensive, time-consuming or disruptive to our operations and distracting to management. 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, and our business, financial position, results of operations, prospects and reputation could be materially and adversely affected. In recognition of these considerations, we may enter into agreements to settle litigation and resolve such disputes. There is no assurance that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses. During the Track Record Period and up to the Latest Practicable Date, there was no legal or administrative proceeding pending or threatened against us that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, new legal or administrative proceedings and claims may arise in the future, which may cause us to incur defense costs, and our business and financial conditions could be materially and adversely affected.

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We may not be able to obtain, maintain and protect our intellectual properties and prevent unauthorized use of our intellectual properties by third parties.

We regard our trademarks, copyrights, patents, know-how, trade secrets and other intellectual properties as critical to our success and rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with our business partners prohibit the unauthorized use of our brands, images, characters, and other intellectual property rights, we cannot assure you that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

In addition, our competitors and other third parties may register trademarks or purchase Internet search engine keywords or domain names that are similar to ours to cause confusion to our customers and drive potential customers from our business to theirs. Preventing such unfair competitive activity is inherently difficult. If we are unable to prevent such unauthorized use, our business, financial condition and results of operations could be adversely affected.

The application and enforcement of PRC intellectual property laws, regulations and rules are continuously evolving. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive. Monitoring unauthorized use of our intellectual property and unfair competitive activity is difficult and costly, and we cannot assure you we will detect all such actions in a timely manner and that the steps we have taken or will take will prevent misappropriation of our intellectual property. From time to time, we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources.

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

Our operations or any aspects of our business may infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties. Holders of patents or other intellectual property rights purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, may seek to enforce patents or other intellectual property rights against us in PRC or any other jurisdictions. Furthermore, the application and interpretation of PRC laws relating to patents and other intellectual property rights and the procedures and standards for granting such patents or other intellectual property rights in PRC are still evolving, and we cannot assure you that the relevant courts or regulatory authorities would agree with our analysis. As we face increasing competition from other competitors in China, there may be a higher risk for us to be subject to intellectual property infringement claims or other legal proceedings. We may incur additional costs in monitoring and detecting potential infringement. 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.

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

Misconduct, non-compliance and omissions by our employees or third parties could subject us to liability or negative publicity. During the Track Record Period, we did not experience any misconduct, non-compliance or omissions by our employees or third parties that materially affected our business operations or financial performance. However, there can be no assurance that our employees or third parties will not engage in misconducts, non-compliance or omissions that could materially and adversely affect our business, financial condition and results of operations.

Misconduct, non-compliance and omissions by our business partners, including our various suppliers, service providers and customers, as well as other third parties who have entered business relationships with our business partners, could subject us to liability or negative publicity. Although we have strict standards to choose our service providers, they may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

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

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For example, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. 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 technology, products and solutions, hinder the stability of our supply chain, and may 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 practices, any of which may have a material and adverse effect on our business, financial condition and results of operations.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the "EAR"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("BIS"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "Entity List"). The export, re-export and/or transfer

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(in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

In addition, On October 28, 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “**Final Rule**”), which became effective on January 2, 2025. The Final Rule implements a regulatory framework for certain U.S. investments into China (including Hong Kong and Macau) in entities engaged in activities involving sensitive technologies critical to national securities in three sectors, namely, semiconductors and microelectronics, quantum information technologies, and certain artificial intelligence systems with applications that pose national security risks. The program would prohibit U.S. persons from undertaking certain transactions and require notification by U.S. persons on certain investments. As our AI products and solutions are primarily used in Daily Life and Healthcare scenarios to help enterprises improve their operational efficiency and service quality and reduce the management costs, we do not foresee that our products and solutions would fall into the Prohibited End Uses or the Notifiable End Uses. Nevertheless, we cannot guarantee that the rule will not negatively affect overall investor sentiment and potentially discourage investment in our Company.

In addition, significant political, trade, or regulatory developments, such as those stemming from the current U.S. federal administration and changes in U.S. federal policy implemented by the U.S. Congress, the Trump administration or any new administration could give rise to circumstances outside our control that could have negative impacts on our business operations, including as a result of an economic downturn and geopolitical events.

For example, President Trump has increased, and has indicated his willingness to continue to increase, the use of tariffs by the U.S. to accomplish certain U.S. policy goals. During the course of February and April 2025, President Trump implemented tariffs on several major trading partners, including Canada, China, the European Union and Mexico, with a baseline of 10% tariffs on all countries and an additional individualized reciprocal higher tariff on the countries with which the United States has the largest trade deficits. On April 9, 2025, President Trump announced that the “reciprocal tariff” policy would be paused for 90 days on trading partners who did not retaliate after such policy took effect, but the 10% baseline tariff would apply to nearly all other U.S. trading partners. Tariffs on Chinese imports, however, has increased significantly as the two countries have implemented retaliatory tariffs and placed additional limitations on export controls. There is significant uncertainty on how the U.S. will respond, and any rising political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and China.

As we currently do not and have no plans to sell to the U.S. or procure products from the U.S., we do not foresee these policies to have a direct adverse impact on our business. However, policy changes and related uncertainty about policy changes could increase market volatility. Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also

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between the U.S. and other countries in the international community. There is significant uncertainty as to whether countries will be able to successfully reach any trade deals with the U.S. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can adversely impact our business, results of operations.

We are required to comply with the applicable laws and regulations on environmental, social and governance matters and changes in social trend and political policies relating to ESG may have a material adverse impact on us.

There has been increasing awareness of matters relating to environmental, social and governance (“ESG”) from investors, regulatory authorities, and the general public. The PRC government has been increasingly emphasizing the importance of ESG factors in recent years and has implemented various laws and regulations accordingly. Failure to comply with such applicable laws and regulations may subject us to penalties and adversely affect our business, financial condition, results of operations and reputation.

In addition, there have been several policy initiatives aimed at promoting sustainable development and corporate responsibility, and to eventually achieve carbon neutrality by 2060. We are required to allocate our resources and effort to design governance systems in compliance with the existing ESG regulations and new laws and regulations promulgated from time to time. Considering the unpredictable nature of social trends, it could cost us a substantial amount of time and resources to constantly monitor the latest developments in ESG laws and regulations that may become applicable to us. Any potential changes in social trend and policies relating to ESG could significantly increase our regulatory compliance costs or require us to alter our existing practices in a way that might interrupt our business operation.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.

We have maintained insurance coverage which includes mandatory social insurance and director liability insurance. While our Directors are of the view that the amount of our insurance coverage is in line with the industry practice and is adequate for our operations, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. For example, we do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. In addition, our insurers will review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations, financial condition and prospects.

Our shareholding structure is relatively dispersed and may subject us to uncertainties relating to changes in our shareholders or their corporate structures.

Our shareholding structure is relatively dispersed and may be less stable than those of companies with controlling shareholders, and may subject us to uncertainties relating to changes in our Shareholders or their corporate structures. For example, if any of our current or future Shareholders are

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viewed as being ultimately controlled by non-PRC holding companies, it may impact whether we are viewed as having a sufficient level of our equity controlled by PRC shareholders for regulatory purposes. Furthermore, the corporate structures of our Shareholders may need to be changed in the future due to potential changes in applicable laws and regulations, which may lead to uncertainties in our shareholding structure.

As some of our leased properties have title defects and did not complete registration procedures at relevant authorities, we may be required to cease occupation and the use of such leased properties.

As of the Latest Practicable Date, we did not own any property, and operated our businesses mainly through leased properties. We cannot assure you that we would be able to renew the relevant lease agreements without substantial additional cost or increase in the rental cost payable by us. If a lease agreement is renewed at a rent substantially higher than the current rate, or currently existing favorable terms granted by the lessor are not extended, our business and results of operations may be adversely affected. As of the Latest Practicable Date, lessor of five of our leased properties had not provided us with the property ownership certificate or any other documentation proving the rights to lease the property to us, and the lease may be invalidated as a result. Furthermore, as of the Latest Practicable Date, we had not yet completed the registration of twelve property lease contracts we entered into in the PRC. As advised by our PRC Legal Advisors, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may have a maximum penalty of RMB10,000 imposed on us for each unregistered lease if we fail to complete the registration of any of the lease agreements within due time as required by the competent PRC government authorities. The estimated aggregate maximum penalty is RMB120,000 with respect to the unregistered leases of properties leased by us.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively implement our standardized management system, information systems, resources and internal controls. See “Business – Risk Management and Internal Control.” As we continue to expand, we will need to maintain, modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in China’s economic, political and social conditions, as well as government policies, could have a material adverse effect on our business and prospects.

During the Track Record Period, we generated substantially all of our revenue in the PRC. Accordingly, our financial condition, results of operations and prospects are, to a material extent,

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subject to economic, political, and legal developments in China. In particular, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation could affect the business and economic environment, the growth of the industries we operate in and ultimately, the profitability of our business.

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. These economic reform measures may be adaptively refined or adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be materially and adversely affected.

The PRC legal system is evolving, which leads to uncertainties that could adversely affect us.

We are incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to investors and us.

The PRC government's procedural requirements regarding foreign currency conversion may limit our foreign exchange transactions.

Currently, Renminbi still cannot be freely converted into any foreign currencies, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. A portion of our revenue must be converted into other currencies to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. The value of Renminbi against the U.S. dollar and other currencies fluctuates from time to time and is affected by a number of factors, such as changes in global political and economic conditions, market supply and demand conditions and the fiscal and foreign exchange policies prescribed by the PRC government. Any devaluation of Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currencies.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit. Our distributable profit is our profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

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In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which could significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to distribute dividend to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

We may be subject to the approval or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On February 17, 2023, the CSRC released the 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》) and the supporting guidance documents (collectively the “**Overseas Listing Regulations**”), which came into effect on March 31, 2023. See “Regulatory Overview — Regulations on Overseas Listing.”

As advised by our PRC Legal Advisors, we are required to go through the filing procedures with the CSRC under the Overseas Listing Regulations for the Global Offering. We have submitted the filing application for the Global Offering to the CSRC within the specific time limit as required by the Overseas Listing Regulations. On April 14, 2025, the CSRC issued a notification confirming our completion of the filing pursuant to the Overseas Listing Regulations for the Global Offering. Given that the Overseas Listing Regulations were recently promulgated, there remain uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. In addition, it is uncertain whether we can or how long it will take us to complete such filings. If we could not complete such filing procedure, we will suspend or terminate our application for Listing.

In addition, according to the Overseas Listing Regulations, any future issuance or listing after our IPO may also be subject to filing procedure of CSRC and we are also required to report certain material matters to CSRC after our IPO. Any failure to perform such filing or reporting procedure would subject us to administrative penalties by CSRC which could harm our reputation and may adversely affect our results of financial condition.

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

We are incorporated under the laws of the PRC and all of our business and operations are located in the PRC. In addition, almost all of our directors, supervisors and officers reside in China and substantially all of their assets are located in China. As the cross-border service of legal process is typically cumbersome and time-consuming, it may be difficult for investors outside China to effect service of legal process upon those persons residing in China or to enforce against us or them in China

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any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be subject to uncertainties.

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”). On January 25, 2024, the Supreme People's Court of the PRC published an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effective on January 29, 2024 and replaced the Arrangement. The New Arrangement has broadened the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. However, we cannot assure you that any action brought in China by holders of H Shares to enforce a Hong Kong arbitration award made in favor of holders of H Shares would succeed.

Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the listing of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Disputes between holders of H Shares and us, our Directors, supervisors, senior officers or holders of non-listed shares, arising out of our Articles of Association or the rights or obligations conferred or imposed upon by the PRC Company Law and related rules and regulations concerning our affairs, including the transfer of our H Shares, are to be resolved through arbitration rather than by a court of law. A claimant may elect to submit a dispute to arbitration organizations in Hong Kong or in China. Awards that are made by the PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong. Hong Kong arbitration awards may be recognized and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, we cannot assure you that any action brought in China by any holder of H Shares to enforce a Hong Kong arbitral award made in favor of holders of H Shares would succeed.

Holders of H Shares may be subject to PRC taxation.

Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from China and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion between China and the jurisdiction

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where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. Considering that the applicable tax rate on dividends is usually 10% according to tax treaties or tax agreements and that the number of stockholders is large for a listed company, to simplify the tax administration, generally a domestic non-foreign-investment enterprise with shares listed in Hong Kong can withhold dividend income tax at a rate of 10%. There remains uncertainty as to whether gains realized by non-PRC resident individuals on disposition of H Shares are subject to PRC individual income tax.

Pursuant to the PRC Enterprise Income Tax Law and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between China and the jurisdiction where the non-resident enterprise domiciles.

The interpretation and implementation of the PRC Enterprise Income Tax Law and other applicable PRC tax rules and regulations by the PRC tax authorities are evolving, including whether and how non-PRC resident H shareholders are subject to personal income tax or enterprise income tax on gains realized upon the sale or other dispositions of their H shares. In addition, the value of your investment in our H Shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

See “Appendix III — Taxation and Foreign Exchange.”

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, and their liquidity and market price may be volatile.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators and us, and may not be an indication of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will trade.

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

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Holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several business days after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period. The price and trading volume of the H Shares may be highly volatile. Factors such as variations in our revenue, net profit and cash flows and announcements of new investments, strategic alliances and acquisitions, fluctuations in market prices for our products and solutions or fluctuations in market prices for other companies operating in our industries could cause the market price of our H Shares to change substantially. Any such developments may result in significant and sudden changes in the volume and price at which our H Shares will trade. We cannot assure you that these developments will not occur in the future. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, which could occur between the time of sale and the time trading begins.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of substantial future sales of our H Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our H Shares and our ability to raise future capital at a favorable time and price. Our shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

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

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

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We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See “Financial Information – Dividend.”

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates subject to changes resulting from foreign exchange and monetary policies and depends on a large extent regarding domestic and international economic and political developments as well as supply and demand in the local market. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

Any depreciation of the RMB may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE’s approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

Should the Offer Price be higher than the net tangible book value per Share, subject to pricing, you may experience an immediate dilution in the book value of the Offer Shares you purchased in the Global Offering and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares may be higher than the net tangible book value per Share immediately prior to the Global Offering. As a result, you and other purchasers of the Offer Shares in the Global Offering may experience an immediate dilution, and our existing Shareholders will receive an increase in the net tangible assets per Share. To expand our business, we may consider offering and issuing additional H Shares in the future. Purchasers in the Global Offering may experience dilution further in the net tangible asset value per share if we issue additional H Shares in the future.

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We cannot assure you of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications contained in this prospectus.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from various official government publications. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics included in this document being inaccurate or not comparable to statistics produced for other economies. 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. You should consider carefully the importance placed on such information or statistics.

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

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

Prior to the publication of this prospectus, there has been coverage in the media regarding us and the Global Offering, which contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange, including but not limited to compliance by us with Rules 19A.05 to 19A.07 of the Listing Rules.

Our headquarters are based, and substantially all of the business operations of our Company and our subsidiaries are managed and conducted in the PRC. Our executive Directors ordinarily reside in the PRC and they play important roles in our Company's business operations. It is in our best interests for them to be based in places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of our existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not have, and does not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

- (i) We have appointed Dr. Huang and Ms. Wong Wai Yee, Ella ("**Ms. Wong**") as our authorized representatives ("**Authorized Representatives**") pursuant to Rules 3.05 and 19A.07 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;
- (ii) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;
- (iii) 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 Hong Kong Stock Exchange within a reasonable period upon the request of the Stock Exchange;
- (iv) We have appointed Haitong International Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon listing pursuant to Rule 3A.19 of the Listing Rules for a

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

period commencing on the Listing Date 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 Listing Date. The Compliance Advisor, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available, will have access at all times to our Authorized Representatives, our Directors and our senior management as prescribed by Rule 19A.05(2) of the Listing Rules; and

- (v) We will inform the Stock Exchange as soon as practicable in respect of any change in our Authorized Representatives, our Directors and/or our Compliance Advisor in accordance with the Listing Rules.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (i) a member of The Hong Kong Institute of Chartered Secretaries;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (iii) 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 provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Li Na (李娜) (“**Ms. Li**”), our Chief Financial Officer, as one of our joint company secretaries. She has extensive experience in handling board, corporate management and administrative matters relating to the Company but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Wong, a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Li for an initial period of three years from the Listing Date to enable Ms. Li to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Since Ms. Li does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Li may be appointed as a joint company secretary of our Company. Pursuant to Chapter 3.10 of the Guide for New Listing Applicants issued by the Stock Exchange, the waiver will be for a fixed period of time (“**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 (“**Qualified Person**”) and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Wong will work closely with Ms. Li to jointly discharge the duties and responsibilities as company secretary and assist Ms. Li in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Wong will also assist Ms. Li in organizing Board meetings and Shareholders’ meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Li is expected to work closely with Ms. Wong and will maintain regular contact with the Directors, the Supervisors and the senior management of our Company. The waiver will be revoked immediately if Ms. Wong or other person who meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules ceases to provide assistance to Ms. Li as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Ms. Li will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing. Ms. Li will also be assisted by (a) Compliance Advisor of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company’s ongoing compliance with the Listing Rules and the applicable laws and regulations.

Before the expiration of the initial three-year period, the qualifications of Ms. Li will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Li, having benefited from the assistance of Ms. Wong or other person who meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING REQUIREMENT

The CSRC issued notice of filing on April 14, 2025 for the Global Offering and for the submission of the application to list our H Shares on the Hong Kong Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contain the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, and any of the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date. The International Placing is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

Neither the delivery of this prospectus nor any subscription made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

See “Underwriting” for further information about the Underwriters and the underwriting arrangements.

SELLING RESTRICTIONS ON OFFERS AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, our H Shares to be issued pursuant to (i) the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and (ii) the H Shares to be converted from our existing Domestic Unlisted Shares.

No part of our H Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the future. All Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Hong Kong Stock Exchange.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our H Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, June 30, 2025.

Our Shares will be traded in board lots of 20 H Shares each. The stock code of our H Shares is 9678.

ADMISSION OF OUR H SHARES INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by us in our headquarters in the PRC.

All of the H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering and converted from our Domestic Unlisted Shares and Unlisted Foreign Shares will be registered on our H Share register of members to be maintained in Hong Kong by our H Share Registrar, Tricor Investor Services Limited. Dealings in the H Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of the Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

According to the Guide to the Program for "Full Circulation" of H shares promulgated by China Securities Depository and Clearing Corporation Limited ("CSDC") on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Tricor Investor Services Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law and our Articles of Association;
- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws, rules and

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his/her behalf with each of our Directors, Supervisors, senior officers whereby such Directors, Supervisors, senior officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as defined in the Listing Rules) of any of the Directors, Supervisors or an existing Shareholder of the Company or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the H Shares or exercising any rights attached to them. It is emphasized that none of us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the H Shares resulting from the subscription, purchase, holding or disposal of the H Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the Over-allotment and stabilization are set out in “Structure of the Global Offering.”

EXCHANGE RATE CONVERSION

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK\$1.00 to RMB0.91537, Renminbi into U.S. dollars at the rate of US\$1.00 to RMB7.184 and Hong Kong dollars into U.S. dollars at the rate of US\$1.00 to HK\$7.84819. The RMB to HK\$ and US\$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on June 10, 2025.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be determined between the Overall Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

expected to be on or around Thursday, June 26, 2025 and, in any event, not later than Thursday, June 26, 2025 (unless otherwise determined between the Overall Coordinators (on behalf of the Underwriters) and our Company. If, for whatever reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters and our Company on or before 12:00 noon on Thursday, June 26, 2025, the Global Offering will not become unconditional and will lapse immediately.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in “How to Apply for Hong Kong Offer Shares.”

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in “Structure of the Global Offering.”

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

For further information on our Directors and Supervisors, please refer to the section headed “Directors, Supervisors and Senior Management” of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Liang Jia'en (梁家恩)	No. 9 Courtyard, Beiwa Road Haidian District, Beijing PRC	Chinese
Dr. Huang Wei (黃偉)	Room 415, No. 230 Jiujiang Road Huangpu District, Shanghai PRC	Chinese
Dr. Kang Heng (康恒)	Room 202, Unit 8, Building 124 Nanhu Zhongyuan No. 1 Courtyard Chaoyang District, Beijing PRC	Chinese
Mr. Li Xiaohan (李霄寒)	Room 907, Unit 7, Building 12 Wanliu Wanquan Xinxin Courtyard Haidian District, Beijing PRC	Chinese
Mr. Liu Shengping (劉升平)	Room 501, Unit 3 Building 30, Hepingli No. 7 District Dongcheng District, Beijing PRC	Chinese
Mr. Li Peng (李鵬)	Room 303, Gate 2 Building 18, Yuzhong Xili Xicheng District, Beijing PRC	Chinese
Non-executive Directors		
Mr. Duane Kuang (鄺子平)	Room 5542, Four Seasons Place No. 8 Finance Street Central Hong Kong	Chinese (Hong Kong)
Mr. Li Zhichao (李志超)	Room 401, No. 1, Lane 60 Jinhuinan Road Shanghai PRC	Chinese
Mr. Wang Cunfu (汪存富)	Department of Electronics No. 27 Wanshou Road Haidian District, Beijing PRC	Chinese

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE
GLOBAL OFFERING**

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Mr. Li Ang (李昂)	No. 302, Unit 4 5/F, Hepingli No. 3 Zone Dongcheng District, Beijing PRC	Chinese
Independent non-executive Directors		
Mr. Hu Jianjun (胡建軍)	Room 301 No. 7, Lane 188 Mingyue Road Pudong New Area, Shanghai PRC	Chinese
Mr. Fan Jian (樊健)	Room 504 No. 10, Lane 323 Hongguan Road Hongkou District, Shanghai PRC	Chinese
Ms. Jin Huihua (金慧華)	No. 53, Lane 1298 Xinnan Road Songjiang District, Shanghai PRC	Chinese
Dr. Zhang Kun (張坤)	8 Hoi Fai Rd The Long Beach Tower 7 46/F Flat D, Hong Kong	Chinese (Hong Kong)
Mr. Chen Hua (陳華)	No. 3060, Jiahao Villa Houshayu Area Shunyi District, Beijing PRC	Chinese

SUPERVISORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Mr. Shan Bo (單波)	No. 114, Brick Factory North Lane Tongzhou District, Beijing PRC	Chinese
Mr. Ren He (任禾)	Room 501, Gate 4, 5/F, Building 1 No. 117 Yard, Wukesong Road Haidian District, Beijing PRC	Chinese
Mr. Hong Zhao (洪兆)	Room 1501, Building 8 No. 14 Zaojun Temple Haidian District, Beijing PRC	Chinese

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE
GLOBAL OFFERING**

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Capital Limited

Suites 3001-3006 & 3015-3016
30/F, One International Finance Centre
No. 1 Harbour View Street
Central
Hong Kong

Sponsor-Overall Coordinators

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Securities Company Limited

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

**Overall Coordinators and Joint Global
Coordinators**

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Securities Company Limited

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road
Central
Hong Kong

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE
GLOBAL OFFERING**

Joint Bookrunners

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Securities Company Limited

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ABCI Capital Limited

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Orient Securities (Hong Kong) Limited

28th and 29th Floor
100 Queen's Road Central
Hong Kong

CMBC Securities Company Limited

45/F, One Exchange Square
8 Connaught Place Central
Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Lead Managers

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Haitong International Securities Company Limited

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Orient Securities (Hong Kong) Limited

28th and 29th Floor
100 Queen's Road Central
Hong Kong

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE
GLOBAL OFFERING**

	<p>CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong</p> <p>Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong</p>
Capital Market Intermediaries	<p>China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong</p> <p>Haitong International Securities Company Limited 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong</p> <p>ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong</p> <p>ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong</p> <p>Orient Securities (Hong Kong) Limited 28th and 29th Floor 100 Queen's Road Central Hong Kong</p> <p>CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong</p> <p>Tiger Brokers (HK) Global Limited 23/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong</p>
Auditor and Reporting Accountant	<p>PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22/F, Prince's Building Central Hong Kong</p>

**DIRECTORS, SUPERVISORS AND PARTIES INVOLVED IN THE
GLOBAL OFFERING**

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Clifford Chance

27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law and data security law:

Han Kun Law Office

9/F, Office Tower C1
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District, Beijing 100738
PRC

As to PRC law:

Grandway Law Offices

7-8/F, News Plaza
No. 26 Jianguomennei Avenue
Dongcheng District
Beijing, PRC

**Legal Advisors to the Joint Sponsors
and the Underwriters**

As to Hong Kong and U.S. laws:

Paul Hastings

22/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing
PRC

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Suite 2504
Wheelock Square
1717 Nanjing West Road
Shanghai
PRC

Receiving Bank

China CITIC Bank International Limited

80 Floor
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

CORPORATE INFORMATION

Registered Office	No. 101, 1/F, Building One Xisanqi Jiancaicheng Haidian District, Beijing PRC
Headquarters and Principal Place of Business in the PRC	No. 101-124, 1/F, Building One Xisanqi Jiancaicheng Haidian District, Beijing PRC
Principal Place of Business in Hong Kong	Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	www.unisound.com (<i>The information on the website does not form part of this prospectus</i>)
Joint Company Secretaries	Ms. Li Na (李娜) Fuli Taoyuan Haidian District, Beijing PRC Ms. Wong Wai Yee, Ella (黃慧兒) (<i>a Chartered Secretary, a Chartered Governance Professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom</i>) Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Dr. Huang Wei (黃偉) Room 415, No. 230 Jiujiang Road Huangpu District, Shanghai PRC Ms. Wong Wai Yee, Ella (黃慧兒) Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Hu Jianjun (Chairman) Ms. Jin Huihua Mr. Fan Jian
Remuneration Committee	Dr. Zhang Kun (Chairman) Mr. Fan Jian Dr. Huang Wei

CORPORATE INFORMATION

Nomination Committee	Mr. Chen Hua (Chairman) Dr. Liang Jia'en Ms. Jin Huihua
Compliance Adviser	Haitong International Capital Limited Suites 3001-3006 & 3015-3016 30/F, One International Finance Centre No. 1 Harbour View Street Central Hong Kong
H Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Bank	Industrial and Commercial Bank of China branch in Beijing Garden East Road No. 8 Garden East Road Haidian District, Beijing PRC

INDUSTRY OVERVIEW

This and other sections of this prospectus contain information relating to the industry in which we operate. Certain information and statistics set forth in this section have been extracted from the Frost & Sullivan Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications and other publicly available publications. Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, and the Joint Lead Managers, any of the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to their correctness or accuracy. Accordingly, you should not place undue reliance on such information or statistics.

ARTIFICIAL INTELLIGENCE SOLUTIONS IN CHINA

Artificial Intelligence is a branch of computer science that aims to empower machines to simulate human intelligence and imitate cognitive functions, associated with learning, reasoning and problem-solving. AI works in two main phases, namely, training and inference. An AI model learns to analyze a predetermined set of data in the training phase and makes predictions based on novel data to produce actionable results in the inference phase.

Artificial general intelligence, also known as strong AI or deep AI, is the ability of machines to think, comprehend, learn and apply their intelligence to solve complex problems much like humans. One potential approach to achieve AGI is by using pre-trained, large-scale multimodal foundation models. For example, advanced large language models, such as the GPT, enable machines to perform language-related tasks with high accuracy, leading to breakthroughs in multiple sectors of the AI industry and new possibilities for human-machine interaction.

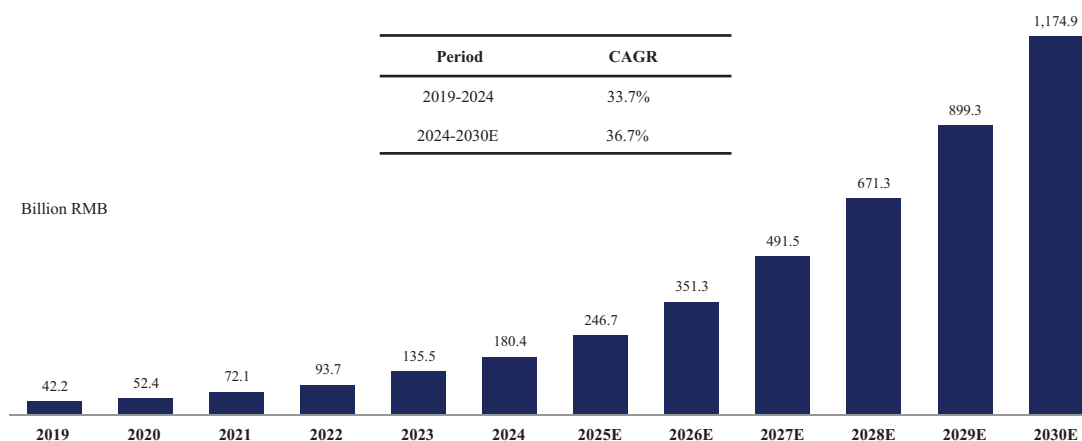
AI solutions are ready-to-use and automated analytic AI programs that generate accurate and meaningful insights responding to new business trends and customer demands. AI solutions can be deployed through hardware, software or cloud computing services.

Market Size

Driven by economy growth and evolving customer needs, the AI solution market in China increased from RMB42.2 billion in 2019 to RMB180.4 billion in 2024, with a CAGR of 33.7%, according to Frost & Sullivan, and is expected to reach RMB1,174.9 billion in 2030, representing a CAGR of 36.7% from 2024 to 2030.

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Market Size of AI Solution in China, 2019-2030E



Note: The market size is measured by the total revenue of AI solution providers in China, including integrated solution, software, hardware and services.

Source: Public information, Expert interview, Frost & Sullivan Analysis

The AI solution market in China is primarily driven by the following factors:

- **Advancement in Technology:** Anticipated advancements in computing power, modeling approaches, and data quality and volume will shape the future of AI, driving the development of more intelligent, conversational and capable AI systems. Improvements in computing power, such as more powerful GPUs and potential breakthroughs in quantum computing can enhance the ability to build more powerful AI at lower costs. The exponential growth of data volume worldwide and the commercialization of 5G technologies will provide ample datasets for training AI algorithms, leading to improved accuracy and a wider range of AI applications with diverse training. Furthermore, the evolution of deep learning methodologies drives the advancement of AI models, enhancing the performance and accuracy in various AI-related domains. For instance, the introduction of recently released AGI system has fundamentally transformed the AI solution market. It demonstrated AGI's ability to surpass human capabilities in economically valuable tasks, foresee and address challenges, and apply its knowledge in other diverse contexts.
- **Growing Acceptance of AI Solutions:** AI technologies can improve data processing efficiency by standardizing the process of analyzing extensive data with different types, quality, and sources, and are thus being widely applied across industries to help companies reduce cost and improve efficiencies. Due to the high efficiency brought by AI technologies in the automation of repetitive tasks and accuracy in decision making, they are increasingly adopted such as financial investments and medical diagnostics.
- **Favorable Government Policies:** Growth in demand for AI solutions is further supported by favorable government policies. As part of its strategic mandate, the PRC central government has implemented an AI industry development plan together with incentive measures. For example, the Three-year Guidance for Internet Plus Artificial Intelligence Plan (《“互聯網+”人工智能三年行動實施方案》) aims to support the development of neural network chips to promote the adoption of AI technologies in China. The National Guide to the Construction of a New Generation of AI Standard System (《國家新一代人工智能標準體系建設指南》) highlights the needs for AI standards in key industries, such as manufacturing and transportation, and envisions an initial national AI standard system

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established within 2023. The Measures of Promoting the Innovation of and Development of Artificial General Intelligence (《北京市促進通用人工智能創新發展的若干措施》) focuses on constructing AGI capabilities, including large language models, and facilitating the adoption of AGI capabilities in various industries such as healthcare.

Competitive Landscape

AI solution market can be categorized based on provider types, which mainly include AI solution providers who primarily provide AI solutions based on machine learning, traditional digital solution providers and system integrators. Among those, AI solution providers enjoy greater advantages in technological research and development, positioning them more favorably to maintain market competitiveness and drive business expansion. Compared with traditional digital solution providers, AI solution providers benefit from the broad range of AI models and in-depth industry and customer coverage, which allows for cross-domain innovation, creating more competitive and diverse cross-industry verticals. This enables AI solution providers to easily scale the solutions and integrate them with customers' devices, fostering an open and rapidly growing ecosystem that further strengthens connections with customers.

China's AI solution market is highly fragmented. According to Frost & Sullivan, we were ranked fourth among the AI solution providers in China in terms of revenue with a market share of 0.6% in 2024. The following table sets forth the top five AI solution providers in China in terms of revenue in 2024:

Top Five AI Solution Providers in China by Revenue in 2024

Ranking	Company	Revenue (RMB in million)	Market Share
1	Company A ⁽¹⁾	~16,500	9.7%
2	Company B ⁽²⁾	~4,000	2.3%
3	Company C ⁽³⁾	~3,000	1.8%
4	Unisound	939.0	0.6%
5	Company D ⁽⁴⁾	~500.0	0.3%

Source: Public information, Expert interview, Frost & Sullivan analysis

Notes:

- (1) Company A, founded in 1999, is an intelligent speech and AI company, covering voice support software, industry application products and systems, information engineering and operation and maintenance services. Company A focuses on products and solutions in the areas of AI communication, AI office, AI education and AI service, as well as fundamental research in speech and languages, natural language comprehension, machine learning, machine reasoning, and adaptive learning. Company A was listed on the Shenzhen Stock Exchange in 2008.
- (2) Company B, established in 2014, is a leading AI company in China, focusing on key technological areas such as computer vision, natural language processing, perceptual intelligence, decision intelligence, and AI generated content. Company B provides diverse AI products and solutions for scenarios including daily life, business, city and auto. Company B was listed on the Hong Kong Stock Exchange in 2021.
- (3) Company C is an AI company founded in 2011 in Beijing that focuses on the fields of computer vision and deep learning. Company C is specialized in AIoT applications, and offers an AIoT product system that integrates hardware and software solutions catering to consumer IoT, city IoT, and supply chain IoT.
- (4) Company D, founded in 2015, is a Chinese AI company that focuses on providing human-machine collaborative system solutions. Company D's core technologies cover intelligent perception, cognition and decision-making. It provides AI products and solutions for finance, governance, transport and commerce. Company D was listed on the Shanghai Stock Exchange in 2022.

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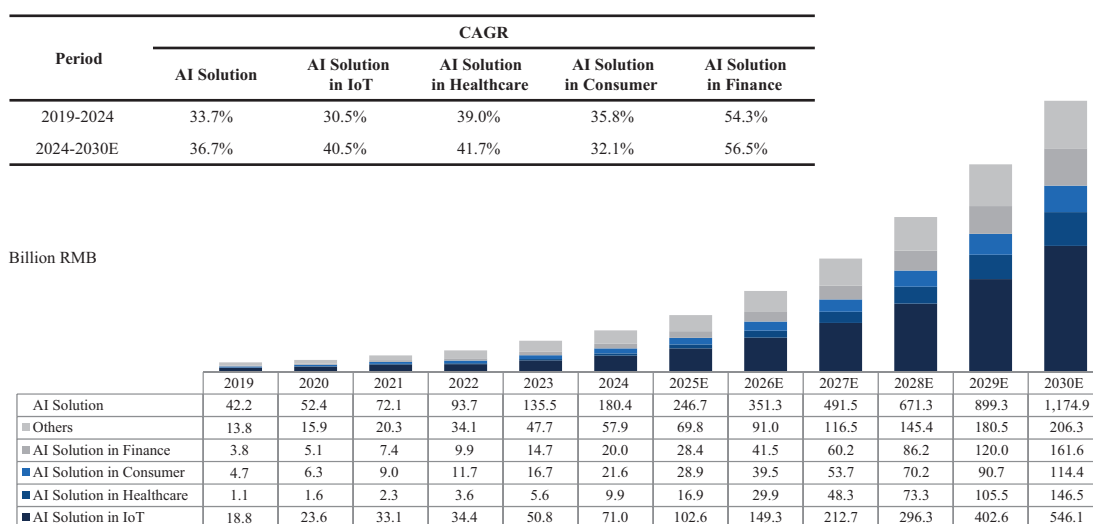
AI SOLUTION MARKET BY INDUSTRY VERTICALS

Applying AI technologies including conversational AI, computer vision and data science, and combining AI technologies such as conversational AI, computer vision and data science with industry expertise, companies develop AI solutions in specific industry verticals, including:

- **IoT:** The internet of things, or IoT, is an interrelated system consisting of sensors, processing ability, software and other technologies to transfer data over a network without human interference. AI Solution in artificial intelligence of things combines AI analytical skills with data collection through IoT to enhance workflow and risk management.
- **Healthcare:** AI service and solution in healthcare is mainly composed of AI in healthcare services, AI in disease diagnosis and treatment, AI in pharmaceutical R&D and other emerging solutions empowered by AI.
- **Other Industries:** AI solutions are applied in other industries, such as finance, retail, education, agriculture, telecom and energy.

The following graphs show the market size of AI solutions by major industry verticals:

Market Size of AI Solution in China, 2019-2030E



Source: Public information, Expert interview, Frost & Sullivan Analysis

AI Solution in IoT in China

IoT refers to a network of physical objects that are equipped with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet. The system sends data received from sensors to data center or the cloud for processing and analysis and initiates automated actions accordingly.

Synthesizing AI and IoT technologies, AI Solution in IoT enhances workflow and risk management through the collection of data from physical devices. Leveraging AI analytical capabilities, AI Solution in IoT can be customized into various application scenarios such as remote monitoring and quality control by reporting abnormalities based on its analysis of trends and patterns. The use of AI Solution in IoT optimizes decision-making process, increases efficiency, and reduces operational costs.

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AI Solutions in IoT, including one-stop AI Solutions in Daily Life, AI Solutions in manufacturing and AI Solutions in governmental security, empower the digitalization of business and public sectors. AI Solutions in Daily Life are of particular importance as they bring convenience to people's daily lives and cover a wide range of application scenarios. AI Solutions in Daily Life encompass solutions for residential, commercial space, hospitality and transportation, with the goal of improving consumers' quality of life and creating smooth user experience.

Market Size and Competitive Landscape of AI Solution in Daily Life Industry

AI Solution in Daily Life is the most prominent sector in the AI Solution in IoT industry, including areas where enterprises can enhance the convenience and quality of everyday life for individuals following product or service adoption. As advised by Frost & Sullivan, it is not uncommon to classify transportation, commercial space, hospitality, residential industry under Daily Life as a segment. For instance, AI in transportation enables more kinds of interactive model, which brings more convenience for passengers. AI Solution in Daily Life is expected to further drive the growth of AI Solution in IoT market in the foreseeable future. AI solution providers compete with traditional digital solution providers, such as existing AI Solution in Daily Life and cloud-based solution providers. Different solution providers may each have unique competitive strengths in the technology infrastructure, operating systems or downstream applications. According to Frost & Sullivan, the market size of AI Solution in Daily Life solutions provided by AI solution providers in China increased from RMB3.0 billion in 2019 to RMB10.5 billion in 2024, growing at a CAGR of 28.9%, and is expected to reach RMB149.6 billion in 2030 with a CAGR of 41.0% from 2024 to 2030.

According to Frost & Sullivan, we were ranked third among the AI solution providers in China's AI Solution in Daily Life market in terms of revenue in 2024. The following table sets forth the top five AI solution providers in AI Solution in Daily Life in China in terms of revenue in 2024 and their respective market shares:

Top Five AI Solution Providers in AI Solution in Daily Life in China by Revenue in 2024

Ranking	Company	Market Share
		(%)
1	Company B	7.5
2	Company A	6.9
3	Unisound	5.8
4	Company C	3.9
5	Company E ⁽¹⁾	1.5

Source: Public information, Expert interview, Frost & Sullivan analysis

Note:

(1) Company E, founded in 2007, is a conversational AI company in China, providing natural language interaction AI solutions that cover scenarios including IoT, governance, auto and finance.

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The following table shows the market outlook and competitive landscape of the verticals that we focus on for AI solutions in Daily Life:

Industry vertical	Market Size (RMB Billion, 2024)	2019-2024 Historical CAGR	2024-2030E Forecast CAGR	Market outlook and competitive landscape
Transportation	14.6	54.7%	46.4%	<ul style="list-style-type: none"> With the rapid urbanization and population growth in China, the country has made significant investments in its public transportation infrastructure in recent years, with a focus on integrating AI technologies to improve efficiency, convenience, and accessibility. <p>In particular, by 2023, a total of 53 cities in 31 provinces and Xinjiang Production and Construction Corps had constructed 290 metro lines, with an operating length of 9,584km and 5,609 stations. The integration of AI, big data analytics, and IoT is enabling metro enterprises to gather and analyze vast amounts of data in real time, leading to more informed decision-making and proactive maintenance strategies. Additionally, the emergence of autonomous metros and intelligent control systems is revolutionizing the way metros are operated and managed, opening up new possibilities for efficiency and cost savings.</p>

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Industry vertical	Market Size (RMB Billion, 2024)	2019-2024 Historical CAGR	2024-2030E Forecast CAGR	Market outlook and competitive landscape
Commercial Space	16.7	40.4%	39.8%	<ul style="list-style-type: none"> As more people move to urban areas and businesses continue to expand, the demand for AI solutions in commercial space is expected to soar. Enterprises seek to implement solutions that can help them optimize energy usage, improve security, and create more personalized and seamless user experiences.
Hospitality	3.2	34.7%	31.8%	<ul style="list-style-type: none"> AI solutions in hospitality enable hospitality enterprises to gather and analyze vast amounts of data in real time, allowing them to deliver a more personalized, efficient, and secure guest experience. By 2023, the total number of lodging facilities in China was approximately 610,000, of which approximately 320,000 were hotel facilities. As technology continues to advance, these solutions are expected to play an increasingly pivotal role in driving innovation and driving growth in the hospitality industry.

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Industry vertical	Market Size (RMB Billion, 2024)	2019-2024 Historical CAGR	2024-2030E Forecast CAGR	Market outlook and competitive landscape
Residential	2.5	28.5%	35.6%	<ul style="list-style-type: none"> As the nation with the largest population and a swiftly growing middle-class demographic, China offers an immense and profitable marketplace for AI solutions in residential. These solutions prioritize convenience, security, connectivity, and privacy, and are poised to become a vital component of contemporary life, providing a smooth and customized experience for users. Notice by 13 Departments Including the Ministry of Commerce of Several Measures for Promoting the Consumption of Household Products (《商務部等13部門關於促進家居消費若干措施的通知》) encourages the interconnection of household devices. It also calls for the establishment of sound standard systems and the transition from individual product intelligence to whole-house intelligence.

Growth Drivers

The AI Solution in IoT market in China is primarily driven by the following:

- Advancement in AI Technology:** The advancement of AI technology enhances the intelligence of IoT devices, leading to increased market demand. Until 2022, rule-based IoT systems mainly facilitated interactions between humans and objects or spaces, such as human interactions with vehicles through specific voice commands. However, recent developments in task-agnostic large language models, particularly large language models, have brought significant and ongoing improvements to AI capabilities. The diverse contextual knowledge allows these models to infer user intent from ambiguous commands and generate context-specific responses. For instance, smart home control with LLMs offers swift and seamless interactive experience with IoT devices, significantly reducing user effort and improving user satisfaction.

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- **Continued Deployment of 5G Networks:** 5G networks lay the foundation for the widespread adoption of AI capabilities on IoT devices on a larger scale. The expanding implementation of 5G networks, leveraging their advantages of low latency, ultra-fast speed and extensive connectivity, provides a more efficient information transmission channel for IoT networks. 5G networks' high data throughput optimizes the authenticity of data transmission and recovery, significantly improving the video quality and transmission speed within the IoT network. Hence, the continued deployment of 5G networks plays pivotal role in driving the market growth of AI solutions in IoT.
- **Growth of Edge Computing:** Driven by the widespread adoption of 5G technologies, the growing scale and complexity of data has exceeded the capacity of the network infrastructure capabilities, requiring fully distributed AI systems. The growth of edge computing enables fully distributed AI services such that edge devices can process intelligent data independently with resources closer to the user. Because the storage and computing capabilities are no longer limited to the cloud, such independent processing with proximate resources reduces latency and improves data privacy. The increased processing speed benefited from proximity further reduces data communication and storage costs, thereby facilitating the industrial application of AI solutions in IoT.
- **Favorable Government Policies:** The PRC central government is promoting the development of AI solutions in IoT by launching a series of plans and policies at the national level. The Three-Year Action Plan for New IoT Infrastructure Development (2021-2023) has outlined the intention to preliminarily set up new IoT infrastructure in key domestic cities by 2023. This plan is expected to enhance the innovation and market competitiveness of crucial technologies like AI, big data, and blockchain. It serves as a strategic roadmap for IoT infrastructure development, pushing forward the AIIoT industry, and the digital economy industry, including AI and IoT, is expected to experience significant GDP growth by 2025. In addition, in order to achieve sustainable urban development, the central government will issue protocols and implementation plans for carbon neutrality driven by AI solution in IoT technology. In June 2024, four departments including MIIT issued the Guidelines for the Construction of a Comprehensive Standardization System for the National Artificial Intelligence Industry (2024 Edition) (《國家人工智能產業綜合標準化體系建設指南(2024版)》), which clarified the current situation of industrial development, put forward the construction goals, expounded the construction ideas, planned seven major standard systems, and pointed out seven key development directions. In November 2024, three departments including NHC issued the Reference Guidelines for Artificial Intelligence Application Scenarios in the Health and Health Industry (《衛生健康行業人工智能應用場景參考指引》), which identified 84 “AI+” application development scenarios in the health and health industry. In April 2025, seven departments including MIIT issued Implementation Plan for the Digital-Intelligent Transformation of the Pharmaceutical Industry (2025-2030) (《醫藥工業數智化轉型實施方案(2025-2030年)》), encouraging the joint construction of a pharmaceutical industry big data platform, the upgrading of information infrastructure, and the establishment of a large-model innovation platform.

Future trends

- **One-stop AI Solution in IoT:** The fragmented nature of IoT applications and devices, originating from various manufacturers, presents challenges related to compatibility and

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interconnectivity. Therefore, the development of AI Solution in IoT requires one-stop, platform-based AI Solution in IoT to achieve effective expansion of application scenarios.

- **Heightening Protection of User Privacy:** Ensuring a balance between leveraging data for product optimization and personalization and maintaining user privacy and security is increasingly vital for AI players. From the perspective of users, stronger protection measures foster greater trust and recognition between the AI players and their users. To promote user privacy, security measures including self-sovereign identities, will be implemented. In addition, the general trend in policies and regulations calls for data privacy in and information security of AI solutions in IoT.
- **Broader Application Scenarios:** AI Solution in IoT combines the capability and efficiency of AI and IoT, making it suitable for solving specific problems with distributed, intelligent systems. From AI Solution in Daily Life to AI Solution in manufacturing and retail, industries are increasingly shifting towards AI Solutions in IoT. This wider adoption of AI Solution in IoT propels further technological development in AI Solution in IoT. Moreover, utilizing advanced AGI technologies, the capabilities of AI Solution in IoT can be upgraded to achieve human-machine interaction. This upgrade will gain AI Solution in IoT broader acceptance and potentials for innovations across various application scenarios.
- **Multimodal Interaction:** Multimodal interaction, encompassing voice, vision, and text, plays a crucial role in driving growth by expanding the range of AI applications. Future features for IoT systems will require synchronization among multiple devices to accomplish integrated tasks, and the systems will offer multimodal interactions including voice, visual and text to meet diversified user needs.

AI service and solution in healthcare

Opportunities in China Healthcare market

- **Significant Potentials for Digitalization and Intelligent Solutions for Class III Hospitals:** At present, China's healthcare providers include hospitals, primary healthcare institutions (such as community health service centers, rural health service centers and village clinics), and other healthcare institutions. Among these providers, hospitals play the most important role. China's medical resources are concentrated in large Class III hospitals, which accounted for 10.1% of total hospitals but intook 2.6 billion outpatient visits, or 61.7% of total hospital outpatient visits in 2023, according to Frost & Sullivan. According to the NHC, while the average time per visit amounted to 180 minutes in 2020, only 4.4%, or 8 minutes, of which was spent on the diagnosis process. AI healthcare solutions can improve the efficiency and quality of diagnosis and treatment. For example, doctors assisted by medical transcription solutions spend less time in writing medical records and more time in communicating with patients. In addition, AI in disease diagnosis and treatment solutions can improve the efficiency of examinations. As a result, there are significant market opportunities for AI solutions.
- **Favorable Government Policies:** In 2018, the PRC government proposed the Administrative Measures for Grading Evaluation of Application Level of Electronic Medical Record System (Trial) ("**Measures**"), stipulating the standards for different grades of electronic medical record system and proposing specific requirements for Class III hospitals as a basis for AI applications development. Under the Measures, all

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Class III hospitals should upgrade their information systems to Grade 4 (defined as supporting information sharing throughout the hospital) or above to enable information sharing between systems and support initial decision-making. According to Frost & Sullivan, the application of electronic medical record system in China is still at a relatively preliminary stage, with 8.0% of hospitals participated in the grading evaluation reached Grade 5 (defined as supporting unified data management), 1.6% of those hospitals reached Grade 6 (defined as supporting closed-loop management of medical data during the whole process) and 0.3% of those hospitals reached Grade 7 (defined as achieving quality control of medical safety) in 2022. Given the low number of hospitals equipped with advanced electronic medical record systems and the favorable government policies, there are considerable market opportunities for companies providing AI services and solution in healthcare.

- **Rising Insurance Expenses Driving Demand for Intelligent Expense Control Solutions:** Spending on health insurance is expected to rise, primarily driven by an accelerating aging population and increased demand for high-quality medical services. The revenue of basic health insurance fund has increased from RMB2,442.1 billion in 2019 to RMB3,069.8 billion in 2022, with a CAGR of 7.9%, while the expenditure has increased from RMB2,085.4 billion in 2019 to RMB2,443.2 billion in 2022 at a CAGR of 5.4%, according to National Medical Products Administration. Given the growing revenue and expenditure, efficient expense control solutions are needed to standardize treatment patterns, ensure compliance and prevent insurance fraud.

AI Service and Solution in Healthcare

AI service and solution in healthcare mainly include (i) AI in healthcare service and treatment, which involves (a) AI in healthcare service and (b) AI in disease diagnosis and treatment, (ii) AI in pharmaceutical R&D solutions, and (iii) other emerging solutions empowered by AI. Specifically, AI in healthcare service is one of the major areas with the potential in optimizing healthcare procedures, enhancing the quality of diagnosis and treatment, and ensuring efficient hospital management.

- **AI in Healthcare Service:** AI applications streamline and optimize healthcare services with functions such as medical procedure optimization, medical record sharing and quality management, and medical insurance fund management.
 - **AI solution in Medical Record Transcription:** AI solution in Medical Record Transcription automatically generates electronic medical records based on AI technologies, voice dictation and NLP to simplify the medical record input process for healthcare professionals.
 - **AI solution in Medical Quality Management:** AI solution in Medical Quality Management can be seamlessly embedded in the workflow of healthcare services, improving the clinical efficiency through the review of the medical records via knowledge graph and NLP.
 - **AI solution in Medical Insurance Payment Management:** AI solution in Medical Insurance Payment Management reviews and analyzes the cover page of medical record and expenses to support diagnosis, treatment compliance and payment compliance.

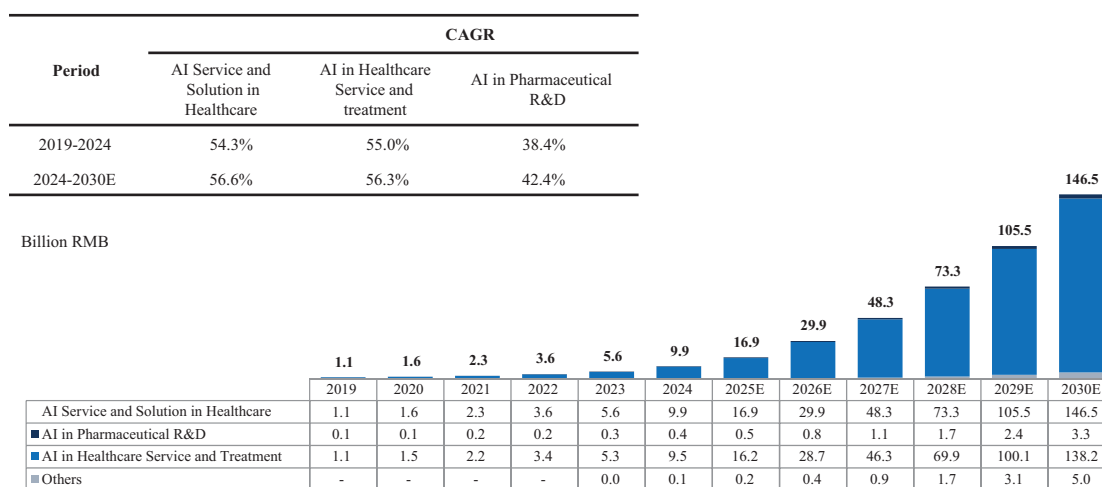
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- **AI in Disease Diagnosis and Treatment:** AI in diagnosis and treatment cover the process from diagnosis and treatment to patient follow-up. Such solutions include clinical decision support system, chronic disease management and AI medical imaging.
- **AI in Pharmaceutical R&D:** Pharmaceutical R&D AI models are built on specific research data and information provided by pharmaceutical companies on biological targets and are used to screen drug candidates and predict pharmaceutical reactions.

Market Size and Competitive Landscape

The market size of AI service and solution in healthcare in China increased from RMB1.1 billion in 2019 to RMB9.9 billion in 2024, with a CAGR of 54.3%. In 2028, AI service and solution in healthcare market in China is expected to reach RMB146.5 billion with a CAGR of 56.6% from 2024 to 2030, according to Frost & Sullivan. In particular, the market size of AI in healthcare service and treatment in China increased from RMB1.1 billion in 2019 to RMB9.5 billion in 2024, with a CAGR of 55.0%. AI in healthcare service and treatment market is expected to reach RMB138.2 billion with a CAGR of 56.3% from 2024 to 2030. The market size of AI in healthcare service and treatment solution providers with machine learning capabilities in China increased from RMB0.2 billion in 2019 to RMB6.0 billion in 2024 at a CAGR of 90.7%, and is expected to reach RMB113.0 billion in 2030 with a CAGR of 63.2% from 2024 to 2030.

Market Size of AI Service and Solution in Healthcare in China, 2019-2030E



Source: Public information, Expert interview, Frost & Sullivan Analysis

AI in healthcare service and treatment providers have the potential to leverage their technological capabilities and medical expertise to achieve breakthroughs in the depth and extensiveness of the healthcare knowledge graph which is the underlying technology for all practice areas under AI service and solution in healthcare. This underpins their ability to continually develop and innovate AI in healthcare service and treatment solutions.

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According to Frost & Sullivan, we were ranked fourth in China's AI in healthcare service and treatment market in terms of revenue in 2024. The following table sets forth the top five AI solution providers in AI in healthcare service and treatment in China in terms of revenue in 2024 and their respective market shares:

**Top Five AI Solution Providers in AI in healthcare service and treatment
in China by Revenue in 2024**

Ranking	Company	Market Share
		(%)
1	Company F ⁽¹⁾	5.1
2	Company G ⁽²⁾	4.5
3	Company B	4.3
4	Unisound	2.1
5	Company H ⁽³⁾	1.7

Source: Public information, Expert interview, Frost & Sullivan analysis

Notes:

- (1) Company F's parent company is a leading AI company in Asia with strong Internet foundation. Company F, established in 2018, is an AI medical brand driven by AI cloud platform, which focuses on a wide range of products and solutions for in-hospital and out-of-hospital scenarios, including CDSS, AI retinal imaging, chronic disease management, medical data service and pre-diagnosis assistant.
- (2) Company G was founded in 2016 and belongs to a group which has over 20 years of experience in AI technology. Company G leverages nature language processing, computer vision and other core technologies to provide smart diagnosis and treatment solution, primarily including CDSS and AI imaging products.
- (3) Company H, founded in 2011 in Shanghai, develops and manufactures advanced medical imaging equipment, committed to providing global customers with a full range of independently developed high-performance medical imaging diagnostic and treatment equipment, life science instruments, and innovative solutions covering the entire chain of "basic research-clinical research-medical transformation.

Growth Drivers

Growth drivers for AI service and solution in healthcare in China mainly include the following:

- **The Growing Demand for AI service and solution in healthcare:** The healthcare system in China faces challenges due to inadequate and uneven distribution of medical resources, requiring support to ensure the financial sustainability of public healthcare funds. According to National Bureau of Statistics, there were 3.40 doctors per 1,000 population in average in China in 2023. Meanwhile, 3,855 Class III hospitals, which accounted for 10.1% of total hospitals, intook 2.6 billion hospital outpatient visits, or 61.7% of total outpatient visits in 2023. Consequently, there is a significant demand for AI service and solution in healthcare that can improve efficiency, facilitate better information sharing and reduce overall healthcare expenditure.
- **Advancement in AI Technologies:** Recent advances in large language model research have the potential to disrupt the traditional approach of task-specific medical AI models that have been supporting AI services and solutions in healthcare until 2022. Progress in large-scale foundational model research enables medical models to remain useful in novel situations and adjust to newly emerged diseases and technologies with few-shot finetuning. In addition to the continuous and rapid iteration, by combining large language models with industry specific knowledge enhancements, the new AI services and solutions in healthcare are able to offer high-quality multimodal outputs that enhance the decision-making process, improve patient experiences and ultimately drive market growth of AI service and solution in healthcare industry in China.

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- **Favorable Government Policies:** The PRC government has been actively promoting the digital transformation of its healthcare system. In 2018, Administrative Measures for Grading Evaluation of Application Level of Electronic Medical Record System (Trial) (《電子病歷系統應用水平分級評價管理辦法（試行）》) established standards for different grades of electronic medical record system and specific digitalization requirements. In 2021, the National Health Security Administration introduced a Three-Year Action Plan for Payment Reform. The plan aims to implement payment systems such as diagnosis-related group and diagnosis-intervention packet in hospitals covered by state health insurance by 2025, with the goal of controlling medical costs. These initiatives further drive the digitalization of healthcare services and encourage the adoption of AI-powered solutions for cost and quality management.
- **Development of Hospital Information System:** With favorable policies and the increasing need for digitalization in hospitals, the quality of medical data and information, such as electronic medical records, is expected to further improve. As computing power increases, the more standardized and structured medical data can be used as large datasets to train AI medical algorithms, which can greatly improve the accuracy of medical AI models and gain user acceptance. Therefore, the development of medical databases is expected to drive further growth in AI services and solutions in healthcare.

Future trends

- **Enhanced Healthcare Data Security:** As AI technology is more prevalent in healthcare settings, the need for data security and privacy has become more important. The multi-disciplinary industry standards and regulations on responsible AI implementation further reflects such need. To ensure data security and compliance with industry standards and regulations, measures such as strict access controls, multi-factor authentication, endpoint security measures and abnormality detection technologies are expected to be increasingly implemented.
- **Growing Penetration of AI Services and Solutions in Healthcare:** AI services and solutions in healthcare are predicted to be more widely implemented as they continue to develop and gain popularity in the coming years. Although the commercialization of AI services and solutions in healthcare is still at an early stage, certain innovative solutions such as clinical decision support systems have already been extensively deployed. The effective implementation of these solutions is an important factor in promoting user acceptance of AI services and solutions in healthcare, paving the way for wider adoption by governments. In the coming years, there will be wider implementation of AI services and solutions in healthcare as they continue to evolve and become more popular.
- **Uniform Standards:** As the field of AI services and solutions in healthcare evolve, new technologies introduce new obstacles. For instance, there is a lack of common standards among medical institutions that operate in different regions. It is therefore necessary to improve data integrity and enhance the exchange of information. In the future, the PRC central government will issue systematic protocols and guidance to regulate market practices to setting unified standards. This standardization effort aims to improve compatibility among devices and platforms, ultimately enhancing data quality and AI solutions.
- **Knowledge- and Language-based Models Applications:** The COVID-19 pandemic has led to increasing interest in medical imaging as a field, which became one of the most

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commercialized AI application in the healthcare industry. Meanwhile, recent technology advances in LLMs have proven especially effective in improving the capabilities of knowledge- and language-based models in healthcare. Utilizing LLMs and with the aid of AI-empowered medical inference, AI solutions in healthcare can operate as independent, autonomous practitioners with the knowledge and skills to participate in various medical scenarios, particularly in healthcare services. As a result, knowledge- and language-based AI solutions in healthcare are expected to be the primary driver of growth in the AI services and solutions in healthcare market in the coming years.

Entry Barriers

- **Talent:** AI services and solutions in healthcare require multi-disciplinary talents, who possess expertise in various domains such as medicine, healthcare services, technology, and public policy. However, due to a substantial shortage of such talents, these skilled individuals are typically single-disciplinary talents who acquire multi-disciplinary knowledge through on-the-job training. New entrants may face challenges in acquiring talents with multi-disciplinary knowledge.
- **Data and Technologies:** One of the biggest technology barriers of AI services and solutions in healthcare is a lack of proper data infrastructures. Products, such as medical transcription solutions, rely on an accurate and complete base of medical knowledge graph. Currently, most of the AI products in the market leverage clinical practice guidelines for AI training inputs, yet medical science is also an empirical discipline requiring accumulated experience. The accumulation of standardized medical knowledge graph is difficult to achieve in a short term by new entrants.
- **Capital:** In order to increase core competitiveness, providers of AI services and solutions in healthcare may need to invest a large amount of capital in production, R&D, brand promotion, channel construction and commercialization. Since some AI services and solutions in healthcare require a long development period due to a strict need for data accumulation, new entrants typically have less financial resource.
- **Hospital Engagement:** Expanding the integration of AI service and solution in healthcare in healthcare institutions can be challenging due to system variations across institutions and patient populations' different preferences. It can therefore be challenging for market entrants to scale up the products and solutions and implement them in a cost-efficient manner. Commercialization success of AI services and solutions in healthcare depends on the ability to establish stable, highly-engaging partnership with healthcare institutions and local authorities. In the early stage of collaborations, most of them prefer add-on functions that can be easily integrated with the existing systems, rather than replacing existing systems.

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to a total of RMB1,641,509 (excluding value added tax) in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the

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Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary,” “Risk Factors,” “Business,” “Financial Information” and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industries in which we operate. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications. During the preparation of the market research report, Frost & Sullivan performed both (i) primary research, which involved in-depth interviews with leading industry participants and industry experts; and (ii) secondary research, which involved review of company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources. Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

REGULATORY OVERVIEW

The following is a brief summary of the laws and regulations in the PRC that currently materially affect our Group and our operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to our business operations.

REGULATIONS AND POLICIES ON ARTIFICIAL INTELLIGENCE TECHNOLOGIES

The rapid growth of China's AI market is driven by multiple favorable factors, including government policies. On May 8, 2015, the State Council issued the notice on promulgating Made in China 2025 Plan (《中國製造2025》). Made in China 2025 Plan emphasizes the acceleration of the promotion of integrated development of new generation information technology and manufacturing technology, and regards intelligent manufacturing as the main direction of comprehensive integration of informatization and industrialization. Meanwhile, it is underlined that efforts should be made to develop intelligent equipment and intelligent products, promote intelligent production process, cultivate new production methods, and comprehensively enhance the intelligent level of research and development, production, management and service of enterprises.

On July 8, 2017, the State Council issued the Circular on the Development Planning of the New Generation of Artificial Intelligence (《關於印發新一代人工智能發展規劃的通知》). The circular provides three strategic steps in developing a new generation of artificial intelligence technology, and set goals to have China's artificial intelligence technology reach leading level in the world and become one of the major artificial intelligence innovation centers in the world. On November 8, 2018, the Ministry of Industry and Information Technology (the "MIIT") issued the Plan for Key Tasks in a New Generation of AI Innovation (《新一代人工智能產業創新重點任務揭榜工作方案》) and encouraged to select a batch of innovated companies that own key technologies based on artificial intelligence, and have them collectively focus on enhancing products, platforms, and services with advanced technologies and excellent performance.

The Guidelines for the Construction of National Open Innovation Platforms for the New Generation Artificial Intelligence (《國家新一代人工智能開放創新平台建設工作指引》), promulgated by the Ministry of Science and Technology on August 1, 2019 and came into effect on the same date, provides that "open and sharing" shall be the important philosophy in promoting artificial intelligence innovation and industry development in China, and encouraged to open innovation platforms for companies to do testing, and thus to form standard and modularized models, middleware and applications for providing services to the public in the form of open interfaces, model libraries, algorithm packages, etc. The Guidelines for the Construction of the National New Generation Artificial Intelligence Innovation and Development Pilot Zone (《國家新一代人工智能創新發展試驗區建設工作指引》), promulgated by the Ministry of Science and Technology on August 29, 2019, as amended on September 29, 2020 and effective on the same date, underlines that an environment conducive to the innovation and development of artificial intelligence shall be created, as well as to promote the construction of artificial intelligence infrastructure and strengthen the conditional support for the innovation and development of artificial intelligence.

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The Outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and Outlines of Objectives in Perspective of the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), approved by the National People's Congress (the "NPC") on March 11, 2021, sets out the focus of key areas include high-end chips, operating systems, key artificial intelligence algorithms and sensors, and the PRC shall speed up research and development in basic theories, basic algorithms, and equipment materials and make breakthroughs in such area.

On July 29, 2022, the Ministry of Science and Technology and other five relevant governmental authorities jointly promulgated the Guiding Opinions on Accelerating Scene Innovation to Promote High-quality Economic Development through High-level Application of Artificial Intelligence (《關於加快場景創新以人工智能高水平應用促進經濟高質量發展的指導意見》), which proposes to encourage in-depth exploration of artificial intelligence technology application scenarios in key industries.

On July 10, 2023, the CAC issued 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 on Generative AI Services**"). The Measures on Generative AI Services defines the generative artificial intelligence as the models and technology to generate such contents as texts, pictures, sound, videos. The Measures on Generative AI Services requires generative AI service providers to take effective measures to enhance the accuracy and reliability of the content created by the generative artificial intelligence. Pursuant to the Measures on Generative AI Services, generative AI service providers shall (a) assume the responsibilities of content producers and perform network information security obligations; (b) assume the responsibilities of processors of personal information to protect personal information; and (c) process training data such as conducting pre-training and optimization training in accordance with the laws and regulations, including, among others, (i) the training shall use data and models from lawful sources; (ii) if intellectual properties are involved, it shall not contain any contents that infringe upon the intellectual property rights of other parties; (iii) if such data contains personal information, the providers shall obtain consent of personal information subjects or comply with relevant laws and regulations; and (iv) take effective measures to improve the quality of training data and enhance the quality, authenticity, objectivity and diversity of training data. In addition, the service providers that provide generative artificial intelligence services with public opinion attribute or social mobilization ability are required to apply for security assessment with the national cybersecurity administration authorities in accordance with the Provisions on the Security Assessment of Internet Information Services with Public Opinion Attribute or Social Mobilization Ability (《具有輿論屬性或社會動員能力的互聯網信息服務安全評估規定》) and complete the filing formalities of algorithms in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》).

Our use of UniGPT is subject to the Measures on Generative AI Services and the Measures on Generative AI Services may also capture our Daily Life and Healthcare products. As of the Latest Practicable Date, we have adopted a series of measures to comply with the Measures on Generative AI Services, including but not limited to (i) conducting content vetting, including manual and machine review of the input data and generated or synthesized results of users and timely dispose the illegal and harmful information in these data and results; (ii) implementing internal rules and procedures with respect to algorithm security assessment and management; (iii) providing channels for complaints and reports of illegal information; (iv) engaging an algorithm security officer to coordinate algorithm

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governance work; and (v) completing the algorithm filing for our products and solutions with relevant PRC authorities and the security assessment for our products and solutions in accordance with the Measures on Generative AI Services. In addition, during the Track Record Period and as of the Latest Practicable Date, we have not been involved in any investigations on cybersecurity review by the CAC, nor have we received any regulatory inquiries, notice, warnings, sanctions or penalties in relation to cybersecurity and data protections regulations.

Based on the foregoing, our PRC legal advisor as to data security law and Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with the Measures on Generative AI Services and relevant regulations on the management of generative AI services in all material aspects. Our Directors are of the view that the aforementioned regulations would not have a material adverse impact on us. Having considered the views and basis of our Directors and our PRC legal advisor as to data security law, based on the due diligence conducted by the Joint Sponsors, nothing else has come to the attention of the Joint Sponsors as non-legal expert that would reasonably cause them to cast doubt on the reasonableness of the above views of our Directors and our PRC legal advisor as to data security law in any material aspect.

REGULATIONS ON CYBER SECURITY AND DATA PROTECTION

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure. Internet information in the PRC is regulated and restricted from a national security standpoint. The Standing Committee of the National People's Congress (the "SCNPC") enacted the Decision on the Maintenance of Cybersecurity (《關於維護互聯網安全的決定》) on December 28, 2000, as amended on August 27, 2009, stipulates, among others, that the following activities conducted via internet are subject to criminal penalty if they constitute crimes under PRC law: (i) hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack computer systems and communications networks, thus damaging computer systems and the communications networks; (iii) disconnecting computer networks or communications services without authorization in violation of laws and regulations; (iv) divulging state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights via internet. In addition, on December 16, 1997, the Ministry of Public Security (the "MPS") issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which took effect on December 30, 1997 and were amended by the State Council on January 8, 2011, prohibits using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilizing content. The MPS has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an internet information service provider violates any of these measures, competent authorities may revoke its operating license and shut down its websites.

The Provisions on Technological Measures for Cybersecurity Protection (《互聯網安全保護技術措施規定》) promulgated on December 13, 2005 by the MPS and became effective on March 1, 2006, requires internet service providers and organizations that use interconnection services to implement technical measures for cybersecurity protection from any threat to network security, such as computer viruses, cyberspace invasion, attacks or destruction. All internet access service providers are required to take measures to keep a record of and preserve user registration information. In addition, the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), promulgated by

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the SCNPC and took effect on December 28, 2012, emphasizes the need to protect electronic information that contains individual identification information and other private data. This decision requires internet information services providers and other enterprises, public institutions to publish policies regarding the collection and use of personal electronic information and to take necessary measures to ensure information security and to prevent any information leak, damage or loss.

The Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) that was issued and took effect on June 22, 2007 requires the entities that operate and use information systems to fulfill the obligation of protection the information system at multi-level. The entities that operate the information systems at Grade II or above shall, within 30 days since the date when its security protection grade is determined, handle the record-filing procedures at the local public security authority.

The PRC Cyber Security Law (《中華人民共和國網絡安全法》) (the “**Cyber Security Law**”), which was promulgated in November 7, 2016 and took into effect on June 1, 2017, requires network operators, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage, and disclosure of personal data, and internet information services providers being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged, or lost. Any violation of the Cyber Security Law may subject an internet information services provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, shutdown of websites, or criminal liabilities.

On September 14, 2022, the Cyberspace Administration of China (the “**CAC**”) released the Notice on Seeking Public Comments on the Decision on Amending the Cyber Security Law of the PRC (Draft for Comments) (《關於修改〈中華人民共和國網絡安全法〉的決定(徵求意見稿)》), which imposes more stringent legal liabilities and raises the upper limit of monetary fines for serious violation of the security protection obligations of network operation, network information, critical information infrastructure and personal information under the Cyber Security Law to RMB50 million or 5% of the company’s total sales from the previous year.

The PRC Data Security Law (《中華人民共和國數據安全法》) (the “**Data Security Law**”) was promulgated on June 10, 2021 and became effective on September 1, 2021. It establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for “key data”. Higher level of protection shall apply to “national core data” which refers to data that are vital to national security, economy, people’s livelihood and major public interests. According to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and

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performance of international obligations shall be subject to export control of China. In addition, the Data Security Law provides that key data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. According to the Data Security Law, the maximum monetary fine imposed on the breaching party is RMB 10 million.

Pursuant to the Measures for Cybersecurity Review (2020 Version) (《網絡安全審查辦法 (2020) 》) promulgated by the CAC and certain other PRC regulatory authorities in April 2020, which took effect in June 2020, the purchase of network products and services by critical information infrastructure operator, which affect or may affect national security, shall be subject to cybersecurity review. On December 28, 2021, the CAC published the Cybersecurity Review Measures (2021 Version) (《網絡安全審查辦法 (2021) 》) (the “**Cybersecurity Review Measures**”), which became effective on February 15, 2022 and replaced the Measures for Cybersecurity Review (2020 Version). Pursuant to the enacted Cybersecurity Review Measures, the purchase of network products and services by critical information infrastructure operator and the data processing activities carried out by online platform operators, which affect or may affect national security, shall be subject to cybersecurity review. According to the Cybersecurity Review Measures, before purchasing any network products or services, a critical information infrastructure operator should assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users and intend to be listed at a foreign stock exchange shall declare to the cybersecurity review office of CAC for cybersecurity review. Our PRC Legal Advisor are of the view that the term of “listing on a foreign stock exchange (國外上市)” under the Cybersecurity Review Measures exempts our listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review. The Cybersecurity Review Measures also provides that the governmental authorities have the discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. During the Track Record Period and as of the Latest Practicable Date, we had not been involved in any investigations on cybersecurity review by the CAC.

The Cybersecurity Review Measures further elaborate the factors to be considered when assessing the national security risks of the relevant activities, including, among others: (i) the risk of any critical information infrastructure being illegally controlled, interfered, or sabotaged; (ii) the harm to the business continuity of any critical information infrastructure caused by the disruption of supply of these products and services; (iii) the security, openness, transparency, and variety of sources of these products or services, the reliability of supply channels, and risks of supply interruptions due to factors such as politics, diplomacy, trade or other factors; (iv) the level of compliance with PRC laws and regulations of the product and service providers; (v) the risk of theft, disclosure, damage, illegal use or cross-border transfer of core data, important data or large amounts of personal information; (vi) the risk of influence, control or malicious use of critical information infrastructure, core data, important data or large amounts of personal information by foreign governments after overseas listing; and (vii) other factors that may adversely affect the security of critical information infrastructures, cybersecurity, or data security.

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If the cybersecurity review office of CAC deems it necessary to conduct a cybersecurity review, it should complete a preliminary review (including reaching a suggestion for the review conclusion and sending the suggestion to the implementing body for the cybersecurity review mechanism and the relevant authorities for their comments) within 30 business days from the issuance of a written notice to the operator, or 45 business days for complicated cases. Upon the receipt of a review conclusion suggestion, the implementing body for the cybersecurity review mechanism and the relevant authorities for their comments should issue a written reply within 15 business days. If the cybersecurity review office of CAC and these authorities reach a consensus, the cybersecurity review office of CAC should inform the operator in writing; otherwise, the case will go through a special review procedure. The special review procedure should be completed within 90 business days, or longer for complicated cases.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which took effect on September 1, 2021, pursuant to which, critical information infrastructures refers to critical network facilities and information systems involved in important industries and sectors, such as public communication, information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people's livelihood and public interests. Pursuant to the Regulations on Protection of Critical Information Infrastructure, the relevant governmental authorities are responsible for stipulating rules for the identification of critical information infrastructures with reference to several factors set forth in the regulations, and further identify the critical information infrastructure operators in the related industries in accordance with such rules. The relevant authorities should also notify operators identified as the critical information infrastructure operators. In addition, the Regulations on Protection of Critical Information Infrastructure provide specific requirements for the responsibilities and obligations of the operator: (i) the operator shall establish and improve the cyber security protection system and responsibility system, and ensure the input of manpower, financial and material resources; (ii) the operator shall set up a special security management department, and review the security background of the person in charge of the special security management department and the personnel in key positions; (iii) the operator shall guarantee the operation funds of the special security management department, allocate corresponding personnel, and have the personnel of the special security management department participate in the decision-making relating to cyber security and informatization; (iv) the operators shall give priority to the purchase of safe and reliable network products and services; network products and services procured that may affect the national security shall be subject to the security review in accordance with the national provisions on network security. The Regulations on Protection of Critical Information Infrastructure clarify the measures for dealing with the failure of key information infrastructure operators to perform their responsibilities for security protection, such as imposing fines. However, as of the Latest Practicable Date, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear and the identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure.

On September 30, 2024, the State Council published the Data Security Regulations (《網絡數據安全管理條例》), which became effective on January 1, 2025. The Data Security Regulations provides

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that network data processors conduct network data processing activities that affects or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. It also imposes specific requirements for network data processors that process important data. The Data Security Regulations define “important data” as “data in specific fields, specific groups, specific regions or reaching certain accuracy and scale, which if tampered with, destroyed, leaked or illegally obtained or used may directly endanger national security, economic operation, social stability, public health and safety.” The Data Security Regulations calls for the national data security coordination mechanism to coordinate with relevant authorities to issue catalogs of “important data” in relevant regions and sectors. Network data processors must identify and report the “important data” processed by them to relevant authorities, who are required to notify the network data processors or publish the results to the public in a timely manner. The Data Security Regulations imposes several compliance obligations on network data processors that process important data, including but not limited to, (i) appoint a network data security officer and establish an internal data security management organization; (ii) conduct a risk assessment before sharing, entrusting vendors for processing or jointly processing of important data, unless the above processing activities are necessary for fulfilling legal duties or obligations; (iii) report the important data disposition plan (including the name and contact information of the recipient of the important data to competent authorities at the provincial level before a merger, division, dissolution, or bankruptcy that could materially affect the security of important data; and (iv) conduct an annual risk assessment of network data processing activities and submit a risk assessment report to the relevant authorities at the provincial level which will then share the report with the provincial branch of the CAC and the public security authority.

As of the Latest Practicable Date, we had not been involved in any investigations on cybersecurity review by the CAC, nor had we received any regulatory inquiries, notice, warnings, sanctions or penalties in relation to cybersecurity and data protections regulations. Our Directors and PRC Legal Advisors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had been in compliance with applicable laws and regulations on cybersecurity and data security in all material respects in the PRC. In addition, our Directors are of the view that the aforementioned laws and regulations did not and will not materially affect our Group’s operations and financial performance. Based on the independent due diligence conducted by the Joint Sponsors and having considered the views and basis of our Directors and our PRC legal advisor as to data security law as disclosed in this prospectus, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of the views of our Directors and our PRC legal advisor as to data security law in any material aspect.

On July 7, 2022, the CAC issued the Measures for the Security Assessment of Cross-border Transfer of Data (《數據出境安全評估辦法》), which became effective on September 1, 2022. These measures require the data processor providing data overseas to apply for the security assessment of cross-border transfer of data with the local provincial-level counterparts of the national cybersecurity authority under any of the following circumstances: (i) where the data processor intends to provide important data overseas; (ii) where a critical information infrastructure operator and a data processor who has processed personal information of more than 1,000,000 individuals intends to provide personal information overseas; (iii) where a data processor who has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year intends to provide personal information overseas; or (iv) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC. Furthermore, the data processor shall conduct a self-assessment on the risk of

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data cross-border transfer prior to applying for the foregoing security assessment, under which the data processor shall consider certain factors including, among other things, (i) the purpose, scope and manner of the cross-border data transfer and the overseas data recipient processing data and the legality, legitimacy and necessity thereof, (ii) the scale, scope, type and sensitivity of the transferred data, the risks to national security, public interests and the legitimate rights and interests of individuals or organizations arising from the cross-border data transfer, (iii) the overseas data recipient's commitment to assume responsibility and obligations, the management and technical measures to fulfill the responsibilities and obligations, and the ability to ensure the security of the transferred data, (iv) the risk of data being tampered with, destroyed, leaked, lost, transferred, or illegally obtained or illegally used during and after the cross-border transfer, and the existence of channels for safeguarding the rights and interests of personal information, and (v) adequate compliance of data transfer-related contracts or other legally binding documents between the data processor and the overseas recipient with the data security protection responsibilities and obligations. The data processors that in violation of such measures are required to rectify such non-compliance within 6 months of the effectiveness date thereof.

On March 22, 2024, the CAC released the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which came into effect on the same day. Such provisions specify the situations in which the declaration for the security assessment, the conclusion of the standard contract, and the personal information protection certification are not required. For example, the following circumstances are not subject to a data export security assessment, entering into a standard contract for the export of personal information, or passing the personal information protection certification: (i) the establishment and performance of a contract with data subjects, such as cross-border shopping, cross-border delivery, cross-border remittance, cross-border payment, cross-border account opening, air ticket and hotel reservation, visa handling and examination services; (ii) where employee personal information must be provided overseas in conjunction with a collective contract and with the implementation of human resources management; (iii) to protect the life, health, and safety of natural persons in an emergency; and (iv) where a data handler other than a critical information infrastructure operator provides abroad the personal information (excluding sensitive personal information) of not more than 100,000 persons accumulatively as of January 1 of the current year. However, to provide personal information abroad, a data handler shall, in accordance with laws and administrative regulations, perform obligations such as notification, obtaining individual consent and conducting an assessment of the impact of personal information protection. Any data handler providing data abroad shall perform data security protection obligations and take technical and other necessary measures to ensure the security of data to be provided abroad.

On December 8, 2022, the MIIT issued the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (《工業和信息化領域數據安全管理辦法（試行）》), which became effective on January 1, 2023. The measures are aimed to regulate the processing activities of data in the field of industry and information technology field conducted by relevant data processors in China. The measures apply to industrial enterprises, software and information technology service companies, and companies holding licenses for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the measures, data in the field of industry and information technology includes industrial data,

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telecommunication data, and radio data generated and collected during the operation of relevant services. The measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures, including, among other things, data collection, storage, processing, transmission, disclosure, and destruction for data processors in the field of industry and information technology. In particular, data processors processing important data and core data are required to complete filing with relevant authorities for the catalog of important data and core data. The filing information includes basic information on the data, such as category, classification, quantity, processing purposes and methods of data processing, scope of use, liable entities, data sharing, cross-border transfer of data, and data security protection measures. If over 30% of the quantity (i.e. number of data items or amount of data stored) of important and core data changes or there is any material change to other filing information, data processors must update the filing information with the relevant authorities within three months after such change. Furthermore, the measures provide data security requirements for cross-border and data transfers for data processors. If a data processor needs to transfer data in cases of merger, restructuring, or bankruptcy, it shall make data transfer plan and notify users affected. In addition, the measures indicate that the legal representative or principal of the data processor should be the primary person held accountable for data security and the person in charge of data security should take direct responsibility for the security of data processing activities.

The Administrative Provisions on Security Vulnerability of Network Products (《網絡產品安全漏洞管理規定》) was jointly promulgated by the MIIT, the CAC and the MPS on July 12, 2021 and became effective on September 1, 2021. Network product providers, network operators as well as organizations or individuals engaging in the discovery, collection, release and other activities of network product security vulnerability are subject to these provisions and shall establish channels to receive information of security vulnerability of their respective network products and shall examine and fix such security vulnerability in a timely manner. In response to the Cyber Security Law, network product providers are required to report relevant information of security vulnerability of network products with the MIIT within two days and to provide technical support for network product users. Network operators shall take measures to examine and fix security vulnerability after discovering or acknowledging that their networks, information systems or equipment have security loopholes. According to the Provisions, the breaching parties may be subject to monetary fine as regulated in accordance with the Cyber Security Law.

On December 31, 2021, the MIIT, the CAC, the MPS and the State Administration for Market Regulation (the “SAMR”) jointly issued the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which became effective on March 1, 2022. Application of algorithm recommendation refers to the use of algorithmic technologies such as generation and synthesis, personalized push, sorting and selection, retrieval and filtering, scheduling decision-making to provide information to users. Algorithm recommendation service providers with public opinion attribute or social mobilization ability shall go through record-filing formalities within 10 business days from the date of provision of services. Algorithm recommendation service providers that have completed record-filing shall indicate their record-filing numbers and provide links to the publicized information on their websites and/or applications.

On November 25, 2022, the MIIT issued the Provisions on the Administration of Deep Synthesis of Internet Information Services (《互聯網信息服務深度合成管理規定》), which became

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effective on January 10, 2023. These Provisions apply to the use of deep synthesis technologies to provide internet information services and activities providing technical support to deep synthesis services within the territory of the PRC. Pursuant to the provisions, the “deep synthesis technology” refers to the technology using generative and synthesizing algorithms, with deep learning and virtual reality as representative examples, to produce text, images, sound, video, virtual settings and other such information, including but without limitation, technologies for generating or editing voice content, such as text-to-speech, voice transformation, and voice characteristic editing. Deep synthesis service providers shall (i) establish and improve control systems with regard to user registration, algorithm review, technological ethic review, information public review, statistics security, personal information protection, anti-telecom and online fraud, emergency disposal, etc. and take safe and controlled technical protection measures; and (ii) formulate and publicize related management rules and platform pacts, improve service agreements, perform the management responsibilities in accordance with laws and agreements, and inform with explicit methods the technical supporters and users of the in-depth integration of their respective information safety obligations. Where deep synthesis service providers and technology providers provide models or templating tools with the capability to edit facial generation, human voice or other distinguishing biological information, such providers shall conduct security assessments. Where deep synthesis service providers and technology providers provide editing functions for facial, vocal information or other distinguishing biological information, they shall prompt deep synthesis service users and notify them and obtain separate consent from the edited personal information subjects. In addition, as for deep synthesis service providers that provide certain deep synthesis services, such as smart dialog, smart writing and other such textual generation or editing services simulating natural persons, and synthesized voices, imitated voices and other such speech generation or editing services that significantly change individual identifying characteristics, such providers shall use prominent methods to label deep synthesis information content, and effectively point out to the public the synthesized nature of the information content. Deep synthesis service providers with public opinion attribute or social mobilization ability shall conduct filing formalities in accordance with the Provisions on the Administration of Algorithm Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》).

Pursuant to the Eleventh Amendment to the Criminal Law (《中華人民共和國刑法修正案(十一)》) issued by the SCNPC in December 26, 2020 and became effective in March 1, 2021, any internet service provider that fails to fulfill the obligations related to the internet information security administration as required by the applicable laws and refuses to rectify upon orders, shall be subject to criminal penalty. Pursuant to the Notice of the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《最高人民法院、最高人民檢察院、公安部關於依法懲處侵害公民個人信息犯罪活動的通知》), issued on April 23, 2013, Article 253 of the Criminal Law of the PRC (《中華人民共和國刑法》), and the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens (《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》), which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen’s personal information: (i) providing a citizen’s personal information to specified persons or releasing a citizen’s personal information online or through other methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen’s consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen’s personal information in violation of applicable rules and regulations when

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performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

The Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) that was issued by the NPC on May 28, 2020 and took effect on January 1, 2021 provides that natural persons' personal information shall be protected by law and any organizations and individuals shall legally collect personal information and ensure the security of personal information collected. It is not allowed to illegally collect, use, process or transfer the personal information, or illegally buy or sell, provide or make public the personal information of others. Personal information of natural persons refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify the natural persons' names, dates of birth, ID numbers, biometric information, addresses, telephone numbers, e-mail addresses, health information, whereabouts, etc. The processing of personal information shall be subject to the principle of legitimacy, rightfulness and necessity, with no excessive processing, and shall meet the following conditions: (i) with the consent of the natural person or the guardian thereof, unless otherwise provided by laws or administrative regulations; (ii) expressly stating the purpose, method and scope of information to be processed; and (iii) not violating the provision of the laws and administrative regulations and the agreement of both parties. The Civil Code has revised the Internet tort liability and further elaborated on “safe harbor” rule with respect to an internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and reefing right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts. The Civil Code has also provided that where the internet service provider knew or should have known the infringing acts of the internet user, it shall be severally liable with such internet user.

On August 20, 2021, the SCNPC issued the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the “**Personal Information Protection Law**”), which took effect from November 1, 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. The Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect natural persons' life, health and property safety under emergency circumstances; (v) the personal information that has legally been made public by the relevant individual or otherwise is processed within a reasonable scope; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision, and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Furthermore, personal information processor shall, on the basis of the purposes of processing the personal information, processing methods, categories of personal information, the impacts on individuals, and potential security risks, among others, take necessary measures to ensure that personal

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information processing activities comply with the provisions of laws and administrative regulations, and prevent unauthorized access to as well as the leakage, tampering or loss of personal information.

The Personal Information Protection Law provides that a personal information processor could process publicly disclosed information within the reasonable scope in accordance therewith on the basis of the six circumstances already specified thereunder. No organization or individual may illegally collect, use, process or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of “Sensitive Personal Information”, which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or seriously endanger personal or property security, including information on biometrics, religious beliefs, specific identifications, medical health, financial accounts, and personal whereabouts, among others. To process sensitive personal information based on an individual’s consent, a personal information processor shall obtain the separate consent from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail. In terms of cross-border transmission of personal information, pursuant to the Personal Information Protection Law, a personal information processor, providing personal information to any party outside the territory of the PRC, shall notify individuals of the overseas recipient’s identity, contact information, processing purposes, processing methods, categories of personal information, the methods in which individuals exercise the rights over the overseas recipient, and other matters, and obtain individuals’ separate consent.

Furthermore, critical information infrastructure operators and the personal information processors that process the personal information reaching or exceeding the threshold specified by the national cyberspace administration in terms of quantity shall store domestically the personal information collected and generated within the territory of the PRC. Where it is truly necessary to provide the information abroad, the security assessment organized by the national cyberspace administration shall be passed, unless otherwise regulated by laws, administrative regulations, or provisions issued by the national cyberspace administrative authorities.

REGULATIONS ON PRODUCT LIABILITY AND CONSUMER RIGHTS PROTECTION

Regulations on Product Liability

According to the Civil Code, if defective products are identified after they have been put into circulation, the manufacturers or the sellers shall take remedial measures such as issuance of a warning, alerts, calls and recall of products in a timely manner. In the event of damage arising from a defective product or the failure to take timely remedial actions, the infringed party may seek compensation from either the manufacturer or seller of such a product. If the defect is caused by the seller, the manufacturer shall be entitled to seek reimbursement from the seller upon compensation of the victim. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009, and December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable

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standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the infringed party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines. A seller of a product shall be responsible for repairing, replacing or returning the product with the specified defects, and shall compensate for the damages incurred by consumers who bought such defective product. After the seller performs its obligation of repairing, replacing and returning the defective product and/or compensating for the customers' damages, such seller is entitled to seek reimbursement from the manufacturer of such product, if it could be proved that the defect is caused by the manufacturer. Earnings from sales in contravention of such standards or requirements may also be confiscated, and in severe cases, the business license may be revoked.

A variety of consumer protection laws are also applicable to regulate our business including the Consumer Rights and Interests Protection Law of the PRC (《中華人民共和國消費者權益保護法》), which was amended on October 25, 2013 and became effective on March 15, 2014. It imposes stringent requirements and obligations on business operators, who are required to guarantee that the products and services they provide satisfy the requirements for personal or property safety. Business operators are also required to provide consumers with authentic information about the quality, function, usage and term of validity of the products or services. Failure to comply with these consumer protection laws could result in a wide range of penalties including administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of fines, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

Regulations on Compulsory Product Certification

According to the Administrative Regulations on Compulsory Product Certification (《強制性產品認證管理規定》) as promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (the "QSIQ"), which has been merged into the SAMR afterwards, on July 3, 2009 and became effective on September 1, 2009 and was recently amended on September 29, 2022 and became effective on November 1, 2022 and the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》) as promulgated by the QSIQ in association with the State Certification and Accreditation Administration Committee, on December 3, 2001, the SAMR is responsible for the regulation and quality certification. Telecommunication terminal equipment and information technology equipment must not be sold, exported or used in operating activities unless they are certified by certification authorities designated by the State Certification and Accreditation Administration Committee as qualified products and granted certification marks.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patents

According to the Patent Law of the PRC (Revised in 2020) (《中華人民共和國專利法 (2020年修訂)》) promulgated by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and its Implementation Rules (Revised in 2023) (《中華人民共和國專利法實施細則 (2023年修訂)》) promulgated by the State Council on December 11, 2023 and took effect on January 20, 2024, the State

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Intellectual Property Office of the PRC is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The PRC patent system adopts a first-to-file principle, which means that when more than one person files different patent applications for the same invention, only the person who files the application first is entitled to obtain a patent of the invention. To be patentable, an invention or a utility model must meet three criteria: novelty, inventiveness, and practicability. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models, and fifteen years in the case of designs.

Copyright and Software Products

On September 7, 1990, the SCNPC promulgated Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”), which took into effect on June 1, 1991, and the Copyright Law was then amended on October 27, 2001, February 26, 2010 and November 11, 2020 respectively, and the latest amendment came into effect on June 1, 2021. The Copyright Law provides that Chinese citizens, legal persons, or other organizations own copyrights in their copyrightable works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology, and computer software. Copyright owners enjoy certain legal rights, including right of publication, right of authorship, and right of reproduction. The Copyright Law as revised in 2010 extends copyright protection to Internet activities, products disseminated over the Internet, and software products. In addition, the Copyright Law provides for a voluntary registration system administered by the China Copyright Protection Center. Pursuant to the Copyright Law, an infringer of copyrights is subject to various civil liabilities, which include ceasing infringement activities, apologizing to the copyright owners, and compensating the loss of the copyright owners. Infringers of copyright may also be subject to fines and/or administrative or criminal liabilities in severe situations.

Pursuant to the Computer Software Copyright Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001 and most recently amended on January 30, 2013, the software copyright owner may go through the registration formalities with a software registration authority recognized by the State Council’s copyright administrative department. A software copyright owner may authorize others to exercise that copyright and is entitled to receive remuneration.

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and subsequently amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014. The Trademark Office handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. A trademark registrant may license its registered trademark to another party by entering into a trademark license agreement, which must be filed with the Trademark Office for the record. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As with patents, the PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any

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person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Domain Names

The MIIT promulgated the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) on August 24, 2017, which became effective on November 1, 2017. Pursuant to these measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the true, accurate, and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

REGULATIONS ON EMPLOYMENT

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, taking into effect on January 1, 1995 and amended on August 27, 2009 and December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, amended on December 28, 2012 and taking into effect on July 1, 2013, and the Implementing Regulations of the PRC Employment Contracts Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and taking into effect on September 18, 2008, labor relationships between employers and employees must be executed in written form. Wages may not be lower than the local minimum wage. Employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant education to its employees. Employees are also required to work in safe and sanitary conditions.

Under PRC laws, rules and regulations, including the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and taking into effect on July 1, 2011, which was amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》) promulgated by the State Council and taking into effect on January 22, 1990 and amended on March 24, 2019, and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) promulgated by the State Council and taking into effect on April 3, 1999, and amended on March 24, 2002 and March 24, 2019, 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, maternity leave insurance and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount.

REGULATIONS ON FOREIGN EXCHANGE

Regulation on Foreign Currency Exchange

Pursuant to the Foreign Exchange Administration Regulation of the PRC (《中華人民共和國外匯管理條例》), which was promulgated on January 29, 1996 and most recently amended on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval

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from the State Administration of Foreign Exchange (the “SAFE”), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》) (the “**Circular 59**”), which was promulgated on November 19, 2012, became effective on December 17, 2012, and was further amended on May 4, 2015, October 10, 2018, and December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In 2013, SAFE specified that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

The Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to the Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

On May 11, 2013, SAFE promulgated the Provisions on Foreign Exchange Administration over Domestic Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (“**Circular 21**”), which was effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. Circular 21 stipulates that SAFE and its branches shall manage foreign investors’ direct investment within the PRC through registration, and banks shall handle the foreign exchange business of direct investment within the PRC according to the registration information provided by SAFE or its branches.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) announced by the SAFE on December 26, 2014, the SAFE and its branch offices and administrative offices shall oversee, regulate and inspect domestic companies regarding their business registration, opening and use of accounts, trans-border payments and receipts, exchange of funds and other conduct involved in overseas listing. The domestic company shall, within 15 business days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials.

The Circular on Reforming the Management Approach Regarding the Settlement of Foreign Capital of Foreign-Invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the “**Circular 19**”), which was promulgated on March 30, 2015, became effective on

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June 1, 2015, and was most recently amended on March 23, 2023, expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 replaced both the Circular of the SAFE on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《國家外匯管理局關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (the “**Circular 142**”), and the Circular of the SAFE on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises in Certain Areas (《國家外匯管理局關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》). Circular 19 allows all foreign-invested enterprises established in the PRC to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation, provides the procedures for foreign invested companies to use RMB converted from foreign currency-denominated capital for equity investments and removes certain other restrictions that had been provided in Circular 142. However, Circular 19 continues to prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope and providing entrusted loans or repaying loans between non-financial enterprises.

The Notice on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), which was promulgated and became effective on June 9, 2016, provides that enterprises registered in China may also convert their foreign debts from foreign currency into RMB on a self-discretionary basis. This circular also provides an integrated standard for conversion of foreign exchange under capital account items (including, but not limited to, foreign currency capital and foreign debts) on a self-discretionary basis, which applies to all enterprises registered in China.

On January 26, 2017, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to overseas entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years’ losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice on Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》). Pursuant to this notice, on the basis of allowing investment-oriented foreign-invested enterprise (including foreign-invested investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) to use capital funds for domestic equity investment in accordance with laws and regulations, non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Special Administrative Measures for Access of Foreign Investment (Negative List) and the authenticity and compliance of their domestic invested projects.

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Pursuant to the Notice of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on April 10, 2020 by SAFE, the reform of facilitating the payments of incomes under the capital accounts will be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt, and overseas listing, for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

REGULATIONS ON TAXATION

Enterprise Income Tax

On March 16, 2007, the NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”), which was amended on February 24, 2017 and December 29, 2018. On December 6, 2007, the State Council enacted the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which became effective on January 1, 2008 and amended on April 23, 2019 and December 6, 2024. Under the EIT Law and its implementation regulations, both resident enterprises and non-resident enterprises are subject to tax in China. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within China. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside China. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied.

According to the EIT Law, the EIT tax rate of a high and new technology enterprise is 15%. Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》) promulgated by Ministry of Science and Technology, Ministry of Finance (the “**MOF**”) and SAT on April 14, 2008 and further revised on January 29, 2016, which took effect on January 1, 2016, the Certificate of a High and New Technology Enterprise is valid for three years. According to the Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) promulgated by the State Council on February 6, 2016 and came into effect on the same date, taxpayers who enjoy tax reduction or exemption incentives shall, upon expiry of the tax reduction or exemption period, resume tax payment from the day following the expiry date. In the event of changes to the criteria for tax reduction or exemption, the taxpayer shall submit a report to the tax authorities within the tax declaration period. Taxpayers who no longer satisfy the criteria for tax reduction or exemption shall perform tax payment obligation pursuant to the law.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and amended on November 10, 2008, February 6, 2016, and November 19, 2017, the Detailed Rules for the

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Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the MOF on December 25, 1993 and amended on December 15, 2008 and October 28, 2011, the Decisions on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations of the PRC on Value-added Tax (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) which was promulgated by the State Council and effective on November 19, 2017, the Circular on Adjustment of Value-added Tax Rates (《關於調整增值稅稅率的通知》) jointly promulgated by MOF and SAT on April 4, 2018 and taking into effect on May 1, 2018, and the Announcement on Relevant Policies for Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and taking into effect on April 1, 2019, all taxpayers selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay value-added tax (the “VAT”) and the VAT rates are further revised to 6%, 9% or 13%.

In accordance with the Notice on Value-added Tax Policies for Software Products (《財政部、國家稅務總局關於軟件產品增值稅政策的通知》) which was promulgated by the MOF and the SAT on October 13, 2011 and came into effect on January 1, 2011, a value-added tax general taxpayer selling software products developed and produced by itself shall be subject to levying and collection of value-added tax at the tax rate of 17%, and the policy of forthwith levy and forthwith refund shall be implemented for the portion of value-added tax actually paid which exceeds 3%.

On December 25, 2024, the SCNPC published the PRC Value-Added Tax Law (《中華人民共和國增值稅法》), which will come into effect on January 1, 2026, replacing the Provisional Regulations of the PRC on Value-Added Tax. The new law reaffirms the provisions of the Provisional Regulations of the PRC on Value-Added Tax and make changes in the areas of taxable acts, tax jurisdiction, deemed sales, nontaxable items, simplified taxation, withholding agents, input taxes, non-creditable input taxes, mixed sales, and input credit carry-forward and refund.

REGULATIONS ON COMPANY ESTABLISHMENT

The establishment, operation and management of companies in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the “**PRC Company Law**”), as amended in 1999, 2004, 2005, 2013 and 2018. According to the PRC Company Law, companies established in the PRC are either limited liability companies or companies limited by shares. A company is an enterprise legal person with independent legal person property, and is entitled to legal person property rights. The company shall bear liabilities for its debts with all its assets. The shareholders of a limited liability company shall bear liabilities for the company to the extent of their respective subscribed capital contribution. The shareholders of a company limited by shares shall bear liabilities for the company to the extent of their respective subscribed shares. On December 29, 2023, the SCNPC published the amended PRC Company Law, which came into effect on July 1, 2024. According to the Administrative Regulation on the Registration of Market Entities of the PRC (《中華人民共和國市場主體登記管理條例》), which were promulgated by the State Council on July 27, 2021 and became effective on March 1, 2022, and other laws and regulations governing the registrations of market entities, the establishment of a market entity and any capital increase and other major changes herein shall be registered with the SAMR or its local counterparts and filed via the enterprise registration system.

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REGULATIONS ON FOREIGN INVESTMENT

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which was promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, and the former Sino-foreign Equity Joint Ventures Laws of the PRC, Wholly Foreign-owned Enterprises Law of the PRC and Sino-foreign Cooperative Joint Ventures Laws of the PRC were repealed simultaneously. Since then, the Foreign Investment Law has become the fundamental law regulating wholly or partially foreign-invested enterprises invested by foreign investors. The provisions of laws, such as the PRC Company Law shall apply to the organization form, organization structure and standards of activities of foreign-invested enterprises. The PRC implements the management system of pre-establishment national treatment and negative list for foreign investment, and has canceled the original approval and filing management system for the establishment and change of foreign-invested enterprises. Pre-establishment national treatment refers to the treatment given to foreign investors and their investments at their pre-admission shall be no less favorable than that given to Chinese investors and their investments; while the negative list refers to the special administrative measures for foreign investment access implemented according to the requirements of the state with respect of foreign investment in specific industries, and the national treatment will be given to foreign investments outside the negative list. UNISOUND AI TECHNOLOGY CO., LTD. is a foreign invested company incorporated in the PRC and is subject to the provisions of the Foreign Investment Law.

The Foreign Investment Law further regulates the administration of foreign investment and proposes to establish a foreign investment information reporting system to replace the approval and filing system for foreign investment enterprises. The Foreign Investment Information Report is governed by the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly formulated by the Ministry of Commerce and the SAMR and came into effect on January 1, 2020. According to the Measures for the Reporting of Foreign Investment Information, foreign investors conducting investment activities directly or indirectly in the PRC shall submit investment information to the competent commerce authorities through the enterprise registration system and the national enterprise credit information publicity system, which shall include initial report, change report, cancellation report, annual report, etc.

On October 26, 2022, the National Development and Reform Commission (the “**NDRC**”) and the Ministry of Commerce published the Encouraged Industry Catalog for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》), which became effective on January 1, 2023, further expanding the scope of encouraged industry catalog for foreign investment. On September 6, 2024, the NDRC and the Ministry of Commerce of the PRC issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which became effective on November 1, 2024. Industries not listed in the negative list and encouraged industry catalog for foreign investment are generally open for foreign investments unless specifically restricted by other PRC laws. Our business does not fall within the scope of industries restricted or prohibited for foreign investment.

REGULATIONS ON ANTI-MONOPOLY

Pursuant to the PRC Anti-Monopoly Law (Revised in 2022) (the “**Anti-Monopoly Law**”) (《中華人民共和國反壟斷法》(2022修訂)) promulgated by the SCNPC on June 24, 2022 and took effect on August 1, 2022, prohibited monopolistic conducts including monopoly agreements, abuse of

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dominant market position and concentration of business operators that may have the effect of eliminating or restricting competition.

Monopoly Agreement

Pursuant to the Anti-Monopoly Law and the Provisions on the Prohibitions of Monopoly Agreements (《禁止壟斷協議規定》), which was issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 and replaced the Interim Provisions on the Prohibitions of Monopoly Agreements (《禁止壟斷協議暫行規定》), competing business operators shall not enter into monopoly agreements that eliminate or restrict competition, such as by boycotting transactions, fixing or changing the price of commodities, limiting the output of commodities, fixing the price of commodities for resale to third parties, and shall not enter into other acts in concert. Pursuant to the Provisions on the Prohibitions of Monopoly Agreements, when identifying other acts in concert, the following factors shall be considered: (i) whether the market behaviors of operators are consistent, (ii) whether operators have communication of intention or information exchange, (iii) whether operators can reasonably explain the consistency of the behaviors, and (iv) the market structure, competition status, market changes and other circumstances of the relevant markets. Such monopoly agreements and other acts in concert are prohibited unless, among others, the agreement will satisfy the exemptions under the Anti-monopoly Law, such as improving technologies, increasing the efficiency and competitiveness of small and medium-sized undertakings, or safeguarding legitimate interests in cross-border trade and economic cooperation with foreign counterparts. Sanctions for violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue from the previous year, or up to RMB3,000,000 if the intended monopoly agreement has not been performed).

Abuse of Dominant Market Position

Pursuant to the Anti-Monopoly Law, a business operator with a dominant market position shall not abuse its dominant market position to conduct acts, such as selling commodities at unfairly high prices or buying commodities at unfairly low prices, selling products at prices below cost without any justifiable cause, and refusing to trade with a trading party without any justifiable cause. The Provisions on Prohibition of Abuse of Market Dominance (《禁止濫用市場支配地位行為規定》), which was issued by the SAMR on March 10, 2023 and took effect on April 15, 2023 and replaced the Interim Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為暫行規定》), providing relevant factors to consider when deciding whether a specific business operator enjoys a dominate market position. Sanctions for violation of the prohibition on the abuse of dominant market position include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue from the previous year).

Concentration of Business Operators

Pursuant to the Anti-Monopoly Law, where a concentration of business operators reaches the threshold for declaration, an advance declaration shall be made to the anti-monopoly law enforcement authority under the State Council. Concentration of business operators refers to (i) a merger of business operators; (ii) acquiring control over other business operators by acquiring equities or assets; or (iii) acquisition of control over or the possibility of exercising decisive influence on other business operators by contract or by any other means. If a business operator fails to comply with the mandatory declaration requirement, the anti-monopoly enforcement authority is empowered to terminate and/or

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unwind the transaction, dispose of relevant assets, shares or businesses within certain periods and impose a fine of up to 10% of its sales revenue in the previous year or a fine up to RMB5,000,000 if the concentration has no effect of eliminating or restricting competition.

The Provisions on the Review of Business Operator Concentration (《經營者集中審查規定》) promulgated by the SAMR on March 10, 2023 and implemented on April 15, 2023, which replaced the Interim Provisions on the Review of Business Operator Concentration (《經營者集中審查暫行規定》) issued on October 23, 2020 and its amendment issued on March 24, 2022, further providing matters such as the declaration and review of the concentration of business operators and the investigation of the illegal implementation of the concentration of business operators.

REGULATIONS ON ANTI-UNFAIR COMPETITION

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law**”), which was amended by the SCNPC and came into effect on April 23, 2019, unfair competition is defined as an act in which an operator violates the provisions of the Anti-Unfair Competition Law in its production and operation activities, disturbs the market competition order and damages the legitimate rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, business operators shall abide by the principles of voluntariness, equality, fairness and integrity and abide by laws and business ethics in their market transactions. Operators who violate the provisions of the Anti-Unfair Competition Law shall be subject to corresponding civil, administrative or criminal liabilities according to the specific circumstances.

Pursuant to the Provisional Regulations of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) (the “**Provisions on Banning Commercial Bribery**”) promulgated by the former State Administration for Industry and Commerce and taking effect on November 15, 1996, commercial bribery refers to the act of a business operator to bribe another entity or individual by using property or other means for the purpose of selling or purchasing goods, and “other means” refers to the means of providing benefits other than property, such as travel or visits, in various names at home and abroad. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervision and inspection authorities may impose fines according to the circumstances, and confiscate any illegal gains.

REGULATIONS ON OVERSEAS LISTING

On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

On February 17, 2023, the Chinese Securities Regulatory Commission (the “**CSRC**”) issued the 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》) (the “**Overseas Listing Regulations**”), and five supporting guidelines, which became effective on March 31, 2023. Pursuant to the Overseas

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Listing Regulations, companies in mainland China that directly or indirectly offer or list their securities in an overseas market, including a company in mainland China limited by shares and an offshore company whose main business operations are in mainland China and intends to offer shares or be listed in an overseas market based on its equities, assets or similar interests in mainland China are required to file with the CSRC within three business days after submitting their listing application documents to the regulator in the place of intended listing. Failure to complete the filing under the Overseas Listing Regulations or conceals any material fact or falsifies any major content in its filing documents may subject the company to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, direct officers-in-charge and other direct personnel-in-charge may also be subject to administrative penalties, such as warnings and fines. The Overseas Listing Regulations also provide that a company in mainland China must file with the CSRC within three business days for its follow on offering of securities after it is listed in an overseas market.

In addition, pursuant to the Overseas Listing Regulations, enterprises in mainland China are prohibited from overseas offering and listing under any of the following circumstances, if (i) the overseas offering and listing is explicitly prohibited by PRC laws; (ii) the overseas offering and listing may constitute a threat to or endanger national security as determined by relevant PRC authorities; (iii) the domestic enterprises and their controlling shareholders and actual controllers have committed certain criminal offenses (such as corruption, bribery, embezzlement, misappropriation of property or other criminal offenses undermining the order of the socialist market economy) in the past three years; (iv) the domestic enterprises are currently under investigations in connection with suspicion of having committed criminal offenses or material violations of applicable laws and regulations and there is still no explicit conclusion; or (v) there is material ownership disputes over the shareholdings held by the controlling shareholder or the shareholder under the control of the controlling shareholder or the actual controllers.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, issued the Provisions on Strengthening the Confidentiality and Archive Management Work Relating to the 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 “**Confidentiality and Archives Management Provisions**”), which took effect on March 31, 2023. Pursuant to the Confidentiality and Archives Management Provisions, companies based in mainland China that offer and list securities in overseas markets shall establish confidentiality and archives system. The “companies based in mainland China” refer to companies in mainland China limited by shares which are directly listed in the overseas capital market and the domestic operation entities of an offshore company being indirectly listed in a foreign stock exchange. The companies based in mainland China shall obtain approval from the relevant authorities and file with the confidential administration department at the same level when providing or publicly disclosing documents and materials related to state secrets or secrets of the government authorities to the relevant securities companies, securities service agencies or the offshore regulatory authorities, or providing or publicly disclosing such documents and materials through its offshore listing entity. In addition, the companies based in mainland China should complete corresponding procedures when (i) providing or publicly disclosing documents and materials which may adversely affect national security and public interest to the relevant securities companies, securities service agencies or the offshore regulatory authorities, (ii) providing or publicly disclosing such documents and materials through its offshore listing entity, or (iii) providing accounting files or copies to relevant security companies, security service institutions, overseas regulators and individuals. The companies based in mainland China are also required to provide written statements on the implementation of the aforementioned rules to the relevant securities companies and securities service agencies. If a company based in mainland China finds that the

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documents and materials related to state secrets or secrets of the government authorities or other materials which may adversely affect national security and public interest have been leaked or are going to be leaked, it should take remedial measures immediately and report to the relevant authorities.

REGULATIONS ON THE H SHARE FULL CIRCULATION

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines for the Full Circulation**”), which was amended on August 10, 2023.

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the filing procedures necessary for the Overseas Listing Regulations. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with China Securities Depository and Clearing Limited (the “**CSDC**”) of the shares related to the application has been completed. After domestic unlisted shares are listed and circulated on the Hong Kong Stock Exchange, they may not be transferred back to China.

On December 31, 2019, CSDC and the Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”) to regulate the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc.

In addition, the Shenzhen Branch of CSDC released the Guide for “Full Circulation” Business of H Shares by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) on September 20, 2024, which clearly provides for business arrangements and procedures related to H-share full circulation business, including business preparation, cross-border transfer registration, overseas depository of shares and initial maintenance and change in maintenance of domestic holding details, corporate behavior processing, clearing and settlement, risk management and business charges.

Pursuant to the Overseas Listing Regulations, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are an AI company dedicated to the innovation in AGI technology in China, with strong record in commercializing AI large language models, the critical path towards AGI. Our history dates back to June 2012 when the predecessor of our Company, namely Beijing Unisound Information Technology Co., Ltd. (北京雲知聲信息技術有限公司) (“**Unisound Information**”) was established. Our Group was founded by Dr. Liang, Dr. Huang and Dr. Kang, who have profound industry knowledge and insights in the field of AGI, and rich experience in AI R&D and industrialization. For details of the biographies of our founders, see “Directors, Supervisors and Senior Management.” In June 2019, our Company was converted into a joint stock company with limited liabilities. Over the years, we have developed our proprietary UniGPT, based on which we provide comprehensive AI products and solutions to our customers.

OUR KEY MILESTONES

The following is a summary of our Group’s key business development milestones:

Year	Milestone
2012	<ul style="list-style-type: none">Established Unisound Information, the predecessor of our CompanyReleased our cloud-based speech recognition service in China, being one of the first companies to apply deep learning algorithms to commercial speech recognition
2013	<ul style="list-style-type: none">Completed our first-generation full pack AI system with perception and cognition capabilities
2014	<ul style="list-style-type: none">Proposed the “cloud+chip” technical architecture in Daily Life scenario
2015	<ul style="list-style-type: none">Completed the Series B Financing introducing investors including TBP HK and Qualcomm
2016	<ul style="list-style-type: none">Cooperated with Gree in Daily Life scenario and Peking Union Medical College Hospital in Healthcare scenarioCommenced the development of our Atlas AI infrastructure
2018	<ul style="list-style-type: none">Launched our UniOne series, our edge side conversational AI chipLeveraging emerging Transformer algorithms, we achieved top two ranking in the Machine Translation (WMT)Completed the Series C Financing introducing investors including CII Fund, JD Shangke, Qirui Tiancheng and CICC Jiatai
2019	<ul style="list-style-type: none">Launched our first large language model, UniCore, built through unsupervised pre-train, with hundreds of millions of parametersLaunched our medical record quality management solutions and commercialized in several medical institutionsAwarded the Best Paper by China Conference on Knowledge Graph and Semantic Computing (CCKS) (全國知識圖譜與語義計算大會) and the 2019 Beijing Science and Technology Progress Award, First Prize (北京市科學技術進步獎一等獎)
2020	<ul style="list-style-type: none">Provided AI services to more than 25,000 developers, including leading automobile companiesRanked first place in several indicators in the Blizzard Challenge International Evaluation of speech synthesizers and won Best English Paper Award in a task of CCKSDelivered our Medical Insurance Supervision Platform to a large-scale state-owned insurance company, which was applied in unannounced inspection for medical insurance

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2021	<ul style="list-style-type: none"> • Provided over six million consumer-grade AI chips, and put in IP and key technological support for R&D of vehicle-grade AI chips • Recognized as the “Little Giants” enterprise by Ministry of Industry and Information Technology • Our projects were for the third time included in the national key R&D project by Ministry of Science and Technology • Won first prize in the Acronym Extraction and Acronym Disambiguation tasks at 2021 Association for the Advancement of Artificial Intelligence (AAAI) conference
2022	<ul style="list-style-type: none"> • Provided approximately 13 million consumer-grade AI chips, and commercialized and put our vehicle-grade chips into use through NPU IP licensing • Applied our Healthcare solutions in over 200 hospitals since our inception
2023	<ul style="list-style-type: none"> • Launched UniGPT, a proprietary 60 billion-parameter large language model • Applied our successful delivery of Daily Life solutions to metro lines in Guangzhou, Shenzhen and Qingdao to a wider range of cities including Nanning • Raised more than RMB700 million from the Series D3 Financing
2024	<ul style="list-style-type: none"> • We obtained official approval and license for UniSound Post- Doctoral R&D Workstation. • We cooperated with a leading vehicle enterprise on intelligent cockpit and had in-depth cooperation with a global leading technology company. • Three National Standards in relation to AI Large Model which we participated in preparation were issued.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities are our major subsidiaries which made a material contribution to our results of operation during the Track Record Period:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Shareholding</u>	<u>Principal business activities</u>
Shenzhen Unisound	PRC	December 28, 2015	100%	R&D and providing solutions for Daily Life scenarios
Shanghai Unisound	PRC	August 7, 2017	100%	R&D and sales of AI technologies and software and hardware products
Xiamen Unisound	PRC	October 18, 2017	100%	Providing comprehensive solutions for Daily Life scenarios
Hangzhou Unisound	PRC	June 6, 2023	100%	R&D and sales of AI technologies and software and hardware products

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Establishment of our Company

On June 29, 2012, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB1,000,000, and held as to 92.5% and 7.5% by Dr. Liang and Dr. Kang, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase in November 2012 and February 2013

Heyi Guyu Equity Investment Partnership (Limited Partnership) (天津和易谷雨創業投資合夥企業(有限合夥)) (“**Heyi Guyu**”) subscribed for a registered capital of RMB160,713 with a consideration of RMB9 million, which was settled in November 2012. Heyi Guyu further subscribed for a registered capital of RMB89,287 with a consideration of RMB4 million, which was settled in January 2013.

Upon the completion of the above subscriptions, the shareholding structure of our Company in February 2013 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity interests</u>
Dr. Kang	75,000	6%
Dr. Liang	925,000	74%
Heyi Guyu	250,000	20%
Total	<u>1,250,000</u>	<u>100%</u>

Capital Increase in April 2013

In April 2013, the registered capital of our Company was increased to RMB10,000,000 through conversion of capital reserve as approved by the shareholders meeting. Upon the completion of the capital increase, the shareholding structure of our Company in April 2013 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity interests</u>
Dr. Kang	600,000	6%
Dr. Liang	7,400,000	74%
Heyi Guyu	2,000,000	20%
Total	<u>10,000,000</u>	<u>100%</u>

Series A Financing in March 2014

We completed the Series A financing in March 2014 through capital increases as detailed below:

<u>Subscribers</u>	<u>Registered Capital subscribed for</u> (RMB)	<u>Consideration</u>
Heyi Guyu	500,000	RMB12,333,600
Ming Fu Investments Limited (“ Ming Fu ”)	2,000,000	US dollars equivalent to RMB49,334,773.5

Upon the completion of the above subscriptions, the shareholding structure of our Company in March 2014 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity interests</u>
Dr. Kang	600,000	4.8%
Dr. Liang	7,400,000	59.2%
Heyi Guyu	2,500,000	20%
Ming Fu	2,000,000	16%
Total	<u>12,500,000</u>	<u>100%</u>

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity Transfer in September 2014

On August 6, 2014, pursuant to the mutual commercial arrangement between Dr. Liang and Dr. Huang, Dr. Liang entered into a share transfer agreement with Yunsi Shangde (Tianjin) Asset Management Consulting Partnership (Limited Partnership) (雲思尚德(天津)資產管理諮詢合夥企業(有限合夥)) (“**Yunsi Shangde**”), whose general partner and largest limited partner with 98.8% partnership interest is Dr. Huang, pursuant to which Dr. Liang transferred the 51.2% equity interest held by him in our Company to Yunsi Shangde with a consideration of RMB1,032 million which was determined through arm’s length negotiation and upon approvals by the Board. The transfer was effected in September 2014.

Series B Financing in March 2015

We completed the Series B financing in March 2015 through share transfers and capital increases. Details of the respective capital transfers are as follows:

<u>Transferor</u>	<u>Transferee</u>	<u>Registered Capital transferred</u>	<u>Consideration</u>
		(RMB)	(US\$)
Dr. Liang	Sky Galaxy Investment Limited (“	32,230	350,000
Dr. Kang	Sky Galaxy)	19,338	216,660
Yunsi Shangde		39,896	433,340
Yunsi Shangde	Ming Fu	134,146	1,466,666
Heyi Guyu		182,927	1,999,999

Details of the respective capital increases are as follows:

<u>Subscribers</u>	<u>Registered Capital subscribed for</u>	<u>Consideration</u>
	(RMB)	(US\$)
TBP Sound Cloud Holdings (HK) Limited (“ TBP HK ”)	2,286,585	25,000,000
Qualcomm International, Inc. (“ Qualcomm ”)	457,317	5,000,000

Upon the completion of the above capital transfers and subscriptions, the shareholding structure of our Company in March 2015 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u>	<u>Percentage of equity interests</u>
	(RMB)	
Dr. Kang	580,662	3.81%
Dr. Liang	967,770	6.35%
Heyi Guyu	2,317,073	15.2%
Ming Fu	2,317,073	15.2%
Yunsi Shangde	6,225,958	40.84%
Sky Galaxy	91,464	0.60%
Qualcomm	457,317	3%
TBP HK	2,286,585	15%
Total	15,243,902	100%

Capital Increase in July 2015

As part of the arrangement under the Employee Incentive Scheme, Yunchuang Hudong subscribed for a registered capital of RMB973,015 at par value. The general partner of Yunchuang Hudong is Tianjin Yunsheng, which is held by Dr. Huang and Mr. Liu Shengping, our executive Director, as to 99% and 1%, respectively. See “– Employee Incentive Schemes”.

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Upon the completion of the above subscription, the shareholding structure of our Company in July 2015 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u>	<u>Percentage of equity interests</u>
	(RMB)	
Dr. Kang	580,662	3.58%
Dr. Liang	967,770	5.97%
Heyi Guyu	2,317,073	14.29%
Ming Fu	2,317,073	14.29%
Yunsi Shangde	6,225,958	38.39%
Sky Galaxy	91,464	0.56%
Qualcomm	457,317	2.82%
TBP HK	2,286,585	14.10%
Yunchuang Hudong	973,015	6.00%
Total	16,216,917	100%

Series B+ Financing in February 2016

We completed the Series B+ financing in February 2016 through capital increases as detailed below:

<u>Subscribers</u>	<u>Registered Capital subscribed for</u>	<u>Consideration</u>
	(RMB)	(RMB)
Ningbo Lianchuang Cornerstone Investment Partnership (Limited Partnership) (寧波聯創基石投資合夥企業(有限合夥)) (“ Ningbo Lianchuang ”)	122,856	12,500,000
Ningbo Lianli Gongda Investment Management Partnership (Limited Partnership) (寧波聯利共達投資管理合夥企業(有限合夥)) (“ Ningbo Lianli ”)	368,566	37,500,000

Upon the completion of the above subscription, the shareholding structure of our Company in February 2016 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u>	<u>Percentage of equity interests</u>
	(RMB)	
Dr. Kang	580,662	3.47%
Dr. Liang	967,770	5.79%
Heyi Guyu	2,317,073	13.87%
Ming Fu	2,317,073	13.87%
Yunsi Shangde	6,225,958	37.26%
Sky Galaxy	91,464	0.55%
Qualcomm	457,317	2.74%
TBP HK	2,286,585	13.69%
Yunchuang Hudong	973,015	5.82%
Ningbo Lianchuang	122,856	0.73%
Ningbo Lianli	368,566	2.21%
Total	16,708,339	100%

Equity Transfer in July 2016

On April 20, 2016, Yunsi Shangde entered into a share transfer agreement with Yunsi Shangyi, pursuant to which Yunsi Shangde transferred all the registered capital of RMB6,225,958 held by it,

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representing 37.26% of the then total registered capital of our Company, to Yunsi Shangyi with a consideration of RMB62,260. The general partner of Yunsi Shangyi is Tianjin Yunsheng, which is held as to 99% by Dr. Huang. Dr. Huang is also the largest limited partner of Yunsi Shangyi with over 80% partnership interest.

At the time of the transfer in 2016, Yunsi Shangde was held by Dr. Huang as the general partner holding 98.83% partnership interest, and Ms. Yang Xue (楊雪), being the spouse of Mr. Lu Yongyi (陸勇毅) who is a former employee of the Company, as the limited partner holding the remaining 1.17% partnership interest. In June 2017, Mr. Lu applied to the district court in Beijing with a request to confirm his shareholder identity in the Company, and such case had gone through the trials of first instance in the district court in Beijing and the second instance in the intermediate court in Beijing, with the effective judgment that Mr. Lu's request was dismissed by the intermediate court in Beijing in September 2018. Mr. Lu appealed to the high court in Beijing and his request was again dismissed by the high court in Beijing in July 2019. Mr. Lu also applied to the People's Procuratorate in Beijing, which was also dismissed in December 2020. In June 2020, Ms. Yang also applied to the court in Tianjin with a request to claim that the share transfer of the Company from Yunsi Shangde to Yunsi Shangyi in 2016 was invalid, which was also dismissed by the intermediate court in Tianjin in December 2020. As advised by our PRC Legal Advisors, such results of lawsuits were concluded and final.

Upon the completion of the above transfer, the shareholding structure of our Company in July 2016 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity interests</u>
Dr. Kang	580,662	3.47%
Dr. Liang	967,770	5.79%
Heyi Guyu	2,317,073	13.87%
Ming Fu	2,317,073	13.87%
Yunsi Shangyi	6,225,958	37.26%
Sky Galaxy	91,464	0.55%
Qualcomm	457,317	2.74%
TBP HK	2,286,585	13.69%
Yunchuang Hudong	973,015	5.82%
Ningbo Lianchuang	122,856	0.73%
Ningbo Lianli	368,566	2.21%
Total	16,708,339	100%

Series C Financing in 2017 and 2018

We completed the Series C financing through capital increases as detailed below:

<u>Subscribers</u>	<u>Registered Capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Beijing JD Shangke Information Technology Co., Ltd. (北京京東尚科信息技術有限公司) (“ JD Shangke ”)	835,417	100,000,000
Tianjin Qirui Tiancheng Equity Investment Center (Limited Partnership) (天津奇睿天成股權投資中心(有限合夥)) (“ Qirui Tiancheng ”)	501,250	60,000,000
Ningbo Yingfeng Technology Industry Investment Partnership (Limited Partnership) (寧波盈峰科技產業投資合夥企業(有限合夥)) (“ Yingfeng Technology ”)	250,625	30,000,000

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<u>Subscribers</u>	<u>Registered Capital subscribed for (RMB)</u>	<u>Consideration (RMB)</u>
Sichuan Innovation and Venture Capital Equity Investment Fund Partnership (Limited Partnership) (四川省創新創業股權投資基金合夥企業(有限合夥)) (“ Sichuan Innovation ”)	167,084	20,000,000
CLP Healthcare Big Data (Hangzhou) Equity Investment Fund Partnership (Limited Partnership) (中電健康醫療大數據(杭州)股權投資基金合夥企業(有限合夥)) (“ CLP Healthcare ”)	590,807	80,000,000
Ningbo Qianyi Pilot Tianquan Equity Investment Center (Limited Partnership) (寧波千意領航天權股權投資中心(有限合夥)) (“ Linghang Tianquan ”)	197,920	26,800,000
Ningbo Qianyi Pilot Tianji Equity Investment Center (Limited Partnership) (寧波千意領航天機股權投資中心(有限合夥)) (“ Linghang Tianji ”) (Linghang Tianquan and Linghang Tianji, together the “ Wutong Linghang Series Funds ”)	132,193	17,900,000
Hangzhou Haikun Jiayu Investment Partnership (Limited Partnership) (杭州海鯤嘉譽投資合夥企業(有限合夥)) (“ Haikun Jiayu ”)	186,843	25,300,000
Yantai Hanfu Hanfeng Investment Center (Limited Partnership) (煙台漢富瀚豐投資中心(有限合夥)) (“ Yantai Hanfu ”)	221,553	30,000,000
China Internet Investment Fund (Limited Partnership) (中國互聯網投資基金(有限合夥)) (“ CII Fund ”)	1,629,335	250,000,000
Jiaxing Jiahuang Investment Partnership (Limited Partnership) (嘉興嘉皇投資合夥企業(有限合夥)) (“ Jiaxing Jiahuang ”)	252,016	40,000,000
CICC Jiatai Phase II (Tianjin) Equity Investment Fund Partnership (Limited Partnership) (中金佳泰貳期(天津)股權投資基金合夥企業(有限合夥)) (“ CICC Jiatai ”)	315,020	50,000,000

Upon the completion of the above subscription, the shareholding structure of our Company in September 2018 was as follows:

<u>Shareholders</u>	<u>Registered Capital held (RMB)</u>	<u>Percentage of equity interests</u>
Dr. Kang	580,662	2.6408%
Dr. Liang	967,770	4.4013%
Heyi Guyu	2,317,073	10.5377%
Ming Fu	2,317,073	10.5377%
Yunsi Shangyi	6,225,958	28.3147%
Sky Galaxy	91,464	0.4160%
Qualcomm	457,317	2.0798%
TBP HK	2,286,585	10.3991%
Yunchuang Hudong	973,015	4.4251%
Ningbo Lianchuang	122,856	0.5587%
Ningbo Lianli	368,566	1.6762%
JD Shangke	835,417	3.7994%
Qirui Tiancheng	501,250	2.2796%
Yingfeng Technology	250,625	1.1398%
Sichuan Innovation	167,083	0.7599%
CLP Healthcare	590,807	2.6869%
Linghang Tianquan	197,920	0.9001%

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Shareholders	Registered Capital held (RMB)	Percentage of equity interests
Linghang Tianji	132,193	0.6012%
Haikun Jiayu	186,843	0.8497%
Yantai Hanfu	221,553	1.0076%
CII Fund	1,629,335	7.4100%
Jiaxing Jiahuang	252,016	1.1461%
CICC Jiatai	315,020	1.4327%
Total	21,988,401	100%

Series D Financing in March 2019

We completed the Series D financing in March 2019 through capital transfers and capital increases. Details of the respective capital transfers are as follows:

Transferor	Transferee	Registered Capital transferred (RMB)	Consideration (RMB)
Yantai Hanfu	CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司) (“ CICC Pucheng ”)	110,776.5	19,144,200
	CICC Jiatai	110,776.5	19,144,200
Sky Galaxy	Haining Dongzheng Hande Investment Partnership (Limited Partnership) (海寧東證漢德投資合夥企業(有限合夥)) (“ Dongzheng Hande ”)	15,661	2,706,747
	Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership (Limited Partnership) (寧波梅山保稅港區東證夏德投資合夥企業(有限合夥)) (“ Dongzheng Xiade ”)	15,661	2,706,747
	Zhuji Dongzheng Ruiyu Investment Center (Limited Partnership) (諸暨東證睿與投資中心(有限合夥)) (“ Dongzheng Ruiyu ”)	16,255	2,809,326
	Nantong Dongzheng Fuxiang Equity Investment Center (Limited Partnership) (南通東證富象股權投資中心(有限合夥)) (“ Dongzheng Fuxiang ”)	16,255	2,809,326
	Shanghai Dongzheng Tengcong Investment Partnership (Limited Partnership) (上海東證騰聰投資合夥企業(有限合夥)) (“ Dongzheng Tengcong ”)	16,255	2,809,326
	Zhuji Dongzheng Zhizhen Investment Center (Limited Partnership) (諸暨東證致臻投資中心(有限合夥)) (“ Dongzheng Zhizhen ”) (Dongzheng Hande, Dongzheng Xiade, Dongzheng Ruiyu, Dongzheng Fuxiang, Dongzheng Tengcong and Dongzheng Zhizhen, together the “ Dongzheng Entities ”)	11,377	1,966,528

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<u>Transferor</u>	<u>Transferee</u>	<u>Registered Capital transferred</u> (RMB)	<u>Consideration</u> (RMB)
Heyi Guyu	Dongzheng Hande	19,814	3,424,527
	Dongzheng Xiade	19,814	3,424,527
	Dongzheng Ruiyu	20,565	3,554,310
	Dongzheng Fuxiang	20,565	3,554,310
	Dongzheng Tengcong	20,565	3,554,310
	Donggzheng Zhizhen	14,396	2,488,016
Yunsi Shangyi	Shanghai Songyin Venture Capital Partnership (Limited Partnership) (上海淞銀創業投資合夥企業(有限合夥)) (formerly known as Shanghai Songyin Wealth Investment Partnership (Limited Partnership) (上海淞銀財富投資合夥企業(有限合夥))) (“Songyin Venture”)	59,968	15,000,000

Details of the respective capital increases are as follows:

<u>Subscribers</u>	<u>Registered Capital subscribed for</u> (RMB)	<u>Consideration</u> (RMB)
Dongzheng Hande	32,502	8,868,726
Dongzheng Xiade	32,502	8,868,726
Dongzheng Ruiyu	13,326	3,636,364
Dongzheng Fuxiang	13,326	3,636,364
Dongzheng Tengcong	13,326	3,636,364
Donggzheng Zhizhen	9,328	2,545,456
Songyin Venture	18,324	5,000,000

Upon the completion of the above equity transfers and subscription, the shareholding structure of our Company in March 2019 was as follows:

<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity interests</u>
Dr. Kang	580,662	2.6249%
Dr. Liang	967,770	4.3749%
Heyi Guyu	2,201,354	9.9514%
Ming Fu	2,317,073	10.4745%
Yunsi Shangyi	6,165,990	27.8739%
Qualcomm	457,317	2.0673%
TBP HK	2,286,585	10.3367%
Yunchuang Hudong	973,015	4.3986%
Ningbo Lianchuang	122,856	0.5554%
Ningbo Lianli	368,566	1.6661%
JD Shangke	835,417	3.7766%
Qirui Tiancheng	501,250	2.2659%
Yingfeng Technology	250,625	1.1330%
Sichuan Innovation	167,083	0.7553%
CLP Healthcare	590,807	2.6708%

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<u>Shareholders</u>	<u>Registered Capital held</u> (RMB)	<u>Percentage of equity</u> <u>interests</u>
Linghang Tianquan	197,920	0.8947%
Linghang Tianji	132,193	0.5976%
Haikun Jiayu	186,843	0.8446%
CII Fund	1,629,335	7.3655%
Jiaxing Jiahuang	252,016	1.1393%
CICC Jiatai	425,796.5	1.9248%
CICC Pucheng	110,776.5	0.5008%
Dongzheng Hande	67,977	0.3073%
Dongzheng Xiade	67,977	0.3073%
Dongzheng Ruiyu	50,146	0.2267%
Dongzheng Fuxiang	50,146	0.2267%
Dongzheng Tengcong	50,146	0.2267%
Dongzheng Zhizhen	35,101	0.1587%
Songyin Venture	78,292	0.3539%
Total	<u>22,121,035</u>	<u>100%</u>

Conversion into a joint stock company with limited liability in June 2019

On May 20, 2019, our Board passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock company with limited liability. Pursuant to the promoters' agreement dated May 26, 2019 and the supplemental agreement dated April 21, 2020 entered into by all the then Shareholders, all promoters approved the conversion of the net asset value of our Company as of March 31, 2019 into 60,000,000 Shares of our Company with a nominal value of RMB1.00 each, with the excess of the net assets converted over nominal value of the Shares included as capital reserves of our Company. The conversion was completed in June 2019. Upon the completion of the conversion, the shareholding structure of our Company in June 2019 was as follows:

<u>Shareholders</u>	<u>Number of</u> <u>Shares</u>	<u>Percentage of</u> <u>shareholding</u>
Yunsi Shangyi	16,724,326	27.8739%
Ming Fu	6,284,714	10.4745%
TBP HK	6,202,020	10.3367%
Heyi Guyu	5,970,844	9.9514%
CII Fund	4,419,328	7.3655%
Yunchuang Hudong	2,639,158	4.3986%
Dr. Liang	2,624,931	4.3749%
JD Shangke	2,265,944	3.7766%
CLP Healthcare	1,602,476	2.6708%
Dr. Kang	1,574,959	2.6249%
Qirui Tiancheng	1,359,566	2.2659%
Qualcomm	1,240,404	2.0673%
CICC Jiatai	1,154,909	1.9248%
Ningbo Lianli	999,680	1.6661%

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<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Jiaxing Jiahuang	683,556	1.1393%
Yingfeng Technology	679,783	1.1330%
Linghang Tianquan	536,828	0.8947%
Haikun Jiayu	506,784	0.8446%
Sichuan Innovation	453,188	0.7553%
Linghang Tianji	358,554	0.5976%
Ningbo Lianchuang	333,229	0.5554%
CICC Pucheng	300,465	0.5008%
Songyin Venture	212,355	0.3539%
Dongzheng Hande	184,377	0.3073%
Dongzheng Xiade	184,377	0.3073%
Dongzheng Ruiyu	136,013	0.2267%
Dongzheng Fuxiang	136,013	0.2267%
Dongzheng Tengcong	136,013	0.2267%
Donggzheng Zhizhen	95,206	0.1587%
Total	60,000,000	100%

Series D+ Financing in 2019

We completed the Series D+ financing through capital increases and share transfers in late 2019.

In November and December 2019, the following share subscription were effected:

<u>Subscribers</u>	<u>Number Shares Subscribed for</u>	<u>Consideration (RMB)</u>
Shenzhen Huachuang No.9 Industry Investment Partnership (Limited Partnership) (深圳華創九號產業投資合夥企業(有限合夥)) (“ Huachuang No. 9 ”)	444,150	59,220,000
Guangxi Laibin Xinlong Venture Capital Investment Co., Ltd. (廣西來賓鑫隆創業基 金投資管理有限公司) (“ Laibin Xinlong ”)	150,000	20,000,000
Ji'an Jingkai District Shuizhiyan Equity Investment Partnership (Limited Partnership) (吉安市井開區水之嚴股權投資合夥企業(有限合夥)) (“ Shuizhiyan ”)	75,000	10,000,000

Series D1 Financing in 2021

We completed the Series D1 Financing through capital increases and share transfers in 2021.

In May 2021, the following share subscription were effected:

<u>Subscribers</u>	<u>Number Shares Subscribed for</u>	<u>Consideration</u>
TBP HK	2,435,979	US\$ 50,000,000
Ming Fu	243,598	US\$ 5,000,000
Tianjin Pushu Enterprise Management Consulting Partnership (Limited Partnership) (天津樸樹企業管理諮詢合夥企業(有限合夥)) (“ Tianjin Pushu ”)	224,701	RMB 30,000,000

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In June 2021, the following share transfer was effected:

<u>Transferor</u>	<u>Transferee</u>	<u>No. of Shares transferred</u>	<u>Consideration</u>
TBP HK	TBP Sound Cloud Holdings (HK) II Limited (“TBP II HK”)	2,435,979	0 ^{Note}

Note: TBP HK has not made payments for the 2,435,979 Shares. Pursuant to the share transfer agreement between TBP HK and TBP II HK, TBP II HK shall assume all rights and obligations of TBP HK in relation to the 2,435,979 Shares acquired from TBP HK, including the payment obligations.

In July 2021, the following share transfer was effected:

<u>Transferor</u>	<u>Transferee</u>	<u>No. of Shares transferred</u>	<u>Consideration</u>
Tianjin Pushu	Tianjin Zhongguancun Pangu Turing Equity Investment Fund Partnership (Limited Partnership) (天津中關村磐穀圖靈股權投資基金合夥企業 (有限合夥)) (“Pangu Turing”)	71,904	0 ^{Note}

Note: Tianjin Pushu has not made payments for the 71,904 Shares. Pursuant to the share transfer agreement entered into between Tianjin Pushu and Pangu Turing, Pangu Turing shall assume all rights and obligations of Tianjin Pushu in relation to the 71,904 Shares acquired from Tianjin Pushu, including the payment obligations.

Series D2 Financing in 2022

We completed the Series D2 Financing through capital increase in 2022.

In June 2022, the following share subscription was effected:

<u>Subscriber</u>	<u>Number of Shares subscribed for</u>	<u>Consideration (RMB)</u>
Guangdong Jinhongsheng Venture Capital Partnership (Limited Partnership) (廣東金宏升創業投資合夥企業 (有限合夥)) (“Jinhongsheng VC”)	74,792	10,000,000

Upon the completion of the above subscription and share transfers, the shareholding structure of our Company in June 2022 was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Yunsi Shangyi	16,724,326	26.2762%
Ming Fu	6,528,312	10.2569%
TBP HK	6,202,020	9.7442%
Heyi Guyu	5,970,844	9.3810%
CII Fund	4,419,328	6.9434%
Yunchuang Hudong	2,639,158	4.1465%
Dr. Liang	2,624,931	4.1241%
JD Shangke	2,265,944	3.5601%
CLP Healthcare	1,602,476	2.5177%
Dr. Kang	1,574,959	2.4745%
Qirui Tiancheng	1,359,566	2.1361%
Qualcomm	1,240,404	1.9488%
CICC Jiatai	1,154,909	1.8145%
Ningbo Lianli	999,680	1.5706%

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<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Jiaxing Jiahuang	683,556	1.0740%
Yingfeng Technology	679,783	1.0680%
Linghang Tianquan	536,828	0.8434%
Haikun Jiayu	506,784	0.7962%
Sichuan Innovation	453,188	0.7120%
Huachuang No.9	444,150	0.6978%
Linghang Tianji	358,554	0.5633%
Ningbo Lianchuang	333,229	0.5235%
CICC Pucheng	300,465	0.4721%
Songyin Venture	212,355	0.3336%
Dongzheng Hande	184,377	0.2897%
Dongzheng Xiade	184,377	0.2897%
Laibin Xinlong	150,000	0.2357%
Dongzheng Ruiyu	136,013	0.2137%
Dongzheng Fuxiang	136,013	0.2137%
Dongzheng Tengcong	136,013	0.2137%
Donggzheng Zhizhen	95,206	0.1496%
Shuizhiyan	75,000	0.1178%
Tianjin Pushu	152,797	0.2401%
Pangu Turing	71,904	0.1130%
TBP II HK	2,435,979	3.8273%
Jinhongsheng VC	74,792	0.1175%
Total	63,648,220	100%

Series D3 Financing in 2023

We completed the Series D3 financing through capital increases and share transfers in 2023.

In April 2023, the following share subscription were effected:

<u>Subscribers</u>	<u>Number of Shares subscribed for</u>	<u>Consideration (RMB)</u>
Henan Southeast Zhanxin Industry Venture Capital Fund Partnership (Limited Partnership) (河南豫東南戰新產業創業投資基金合夥企業(有限合夥)) (“ Henan Southeast VC ”)	1,989,007	250,000,000
Jinan Tongxin Future Industrial Investment Partnership (Limited Partnership) (濟南市同信未來產業投資合夥企業(有限合夥)) (“ Jinan Tongxin ”)	795,603	100,000,000
Tianjin Pushu	175,033	22,000,000

In April 2023, the following share transfers were effected:

<u>Transferor</u>	<u>Transferee</u>	<u>No. of Shares transferred</u>	<u>Consideration</u>
Yunsi Shangyi	Pangu Turing	188	0 ^{Note}
	Tianjin Pushu	399	0 ^{Note}
	Laibin Xinlong	383	0 ^{Note}
	Huachuang No.9	1,134	0 ^{Note}
	Jinhongsheng VC	200	0 ^{Note}
	Shuizhiyan	192	0 ^{Note}

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Transferor	Transferee	No. of Shares transferred	Consideration
	Ming Fu	636	0 ^{Note}
	TBP II HK	4,160	0 ^{Note}
Dr. Kang	TBP II HK	824	0 ^{Note}
Dr. Liang	TBP II HK	1,373	0 ^{Note}

Note: Each of Pangu Turing, Tianjin Pushu, Laibin Xinlong, Huachuang No.9, Jinhongsheng VC, Shuizhiyan, Ming Fu and TBP II HK exercised their anti-dilution rights pursuant to a shareholder agreement entered into in June 2022 to acquire Shares from Yunsi Shangyi, Dr. Kang and Dr. Liang with nil consideration.

Upon the completion of the above subscription and share transfers, the shareholding structure of our Company in April 2023 was as follows:

Shareholders	Number of Shares	Percentage of shareholding
Yunsi Shangyi	16,717,034	25.0977%
Ming Fu	6,528,948	9.8021%
TBP HK	6,202,020	9.3112%
Heyi Guyu	5,970,844	8.9642%
CII Fund	4,419,328	6.6348%
Yunchuang Hudong	2,639,158	3.9622%
Dr. Liang	2,623,558	3.9388%
JD Shangke	2,265,944	3.4019%
CLP Healthcare	1,602,476	2.4058%
Dr. Kang	1,574,135	2.3633%
Qirui Tiancheng	1,359,566	2.0411%
Qualcomm	1,240,404	1.8622%
CICC Jiatai	1,154,909	1.7339%
Ningbo Lianli	999,680	1.5008%
Jiaxing Jiahuang	683,556	1.0262%
Yingfeng Technology	679,783	1.0206%
Linghang Tianquan	536,828	0.8060%
Haikun Jiayu	506,784	0.7608%
Sichuan Innovation	453,188	0.6804%
Huachuang No.9	445,284	0.6685%
Linghang Tianji	358,554	0.5383%
Ningbo Lianchuang	333,229	0.5003%
CICC Pucheng	300,465	0.4511%
Songyin Venture	212,355	0.3188%
Dongzheng Hande	184,377	0.2768%
Dongzheng Xiade	184,377	0.2768%
Laibin Xinlong	150,383	0.2258%
Dongzheng Ruiyu	136,013	0.2042%
Dongzheng Fuxiang	136,013	0.2042%
Dongzheng Tengcong	136,013	0.2042%
Dongzheng Zhizhen	95,206	0.1429%
Shuizhiyan	75,192	0.1129%
Tianjin Pushu	328,229	0.4928%
Pangu Turing	72,092	0.1082%
TBP II HK	2,442,336	3.6667%

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<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Jinhongsheng VC	74,992	0.1126%
Henan Southeast VC	1,989,007	2.9861%
Jinan Tongxin	795,603	1.1945%
Total	66,607,863	100%

In May 2023, the following share subscription and share transfers were effected:

<u>Subscribers</u>	<u>Number of Shares subscribed for</u>	<u>Consideration (RMB)</u>
Deyang Digital New Town Construction and Development Co., Ltd. (德陽數字新城建設發展有限公司) (“ Deyang Digital ”)	159,121	20,000,000
Deyang Jinghua Industrial Investment Development Co., Ltd. (德陽旌華產業投資發展有限公司) (“ Deyang Jinghua ”)	636,482	80,000,000
Xinxin Xiangrong Education Technology (Beijing) Co., Ltd. (欣欣相融教育科技(北京)有限公司) (“ Xinxin Xiangrong ”)	397,801	50,000,000

<u>Transferer</u>	<u>Transferee</u>	<u>No. of Shares transferred</u>	<u>Consideration</u>
Yunsi Shangyi	Pangu Turing	71	0 ^{Note}
	Tianjin Pushu	151	0 ^{Note}
	Laibin Xinlong	145	0 ^{Note}
	Huachuang No. 9	431	0 ^{Note}
	Jinhongsheng VC	76	0 ^{Note}
	Shuizhiyan	72	0 ^{Note}
	Ming Fu	241	0 ^{Note}
Dr. Kang	TBP II HK	1,580	0 ^{Note}
	TBP II HK	313	0 ^{Note}
Dr. Liang	TBP II HK	521	0 ^{Note}

Note: Each of Pangu Turing, Tianjin Pushu, Laibin Xinlong, Huachuang No. 9, Jinhongsheng VC, Shuizhiyan, Ming Fu and TBP II HK pursuant to a shareholder agreement entered into in April 2023 to acquire Shares from Yunsi Shangyi, Dr. Kang and Dr. Liang with nil consideration.

Upon the completion of the above subscription and share transfers, the shareholding structure of our Company was as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Yunsi Shangyi	16,714,267	24.6519%
Ming Fu	6,529,189	9.6299%
TBP HK	6,202,020	9.1474%
Heyi Guyu	5,970,844	8.8064%
CII Fund	4,419,328	6.5181%
Yunchuang Hudong	2,639,158	3.8925%
Dr. Liang	2,623,037	3.8687%
JD Shangke	2,265,944	3.3420%
CLP Healthcare	1,602,476	2.3635%
Dr. Kang	1,573,822	2.3212%
Qirui Tiancheng	1,359,566	2.0052%
Qualcomm	1,240,404	1.8295%
CICC Jiatai	1,154,909	1.7034%

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Shareholders	Number of Shares	Percentage of shareholding
Ningbo Lianli	999,680	1.4744%
Jiaxing Jiahuang	683,556	1.0082%
Yingfeng Technology	679,783	1.0026%
Linghang Tianquan	536,828	0.7918%
Haikun Jiayu	506,784	0.7475%
Sichuan Innovation	453,188	0.6684%
Huachuang No. 9	445,715	0.6574%
Linghang Tianji	358,554	0.5288%
Ningbo Lianchuang	333,229	0.4915%
CICC Pucheng	300,465	0.4432%
Songyin Venture	212,355	0.3132%
Dongzheng Hande	184,377	0.2719%
Dongzheng Xiade	184,377	0.2719%
Laibin Xinlong	150,528	0.2220%
Dongzheng Ruiyu	136,013	0.2006%
Dongzheng Fuxiang	136,013	0.2006%
Dongzheng Tengcong	136,013	0.2006%
Dongzheng Zhizhen	95,206	0.1404%
Shuizhiyan	75,264	0.1110%
Tianjin Pushu	328,380	0.4843%
Pangu Turing	72,163	0.1064%
TBP II HK	2,444,750	3.6058%
Jinhongsheng VC	75,068	0.1107%
Henan Southeast VC	1,989,007	2.9336%
Jinan Tongxin	795,603	1.1734%
Deyang Digital	159,121	0.2347%
Deyang Jinhua	636,482	0.9387%
Xinxin Xiangrong	397,801	0.5867%
Total	67,801,267	100%

Further in May 2023, Hangzhou Fuyang Yaofu Equity Investment Partnership (Limited Partnership) (杭州富陽耀富股權投資合夥企業(有限合夥)) (“**Hangzhou Fuyang**”) subscribed for 1,591,206 Shares with a consideration of RMB200,000,000. In addition, the following share transfers were effected:

Transferor	Transferee	No. of Shares transferred	Consideration
Yunsi Shangyi	Ming Fu	310	0 ^{Note}
	Huachuang No.9	552	0 ^{Note}
	Laibing Xinlong	187	0 ^{Note}
	Shuizhiyan	94	0 ^{Note}
	Tianjin Pushu	194	0 ^{Note}
	Pangu Turing	91	0 ^{Note}
	Jinhongsheng VC	97	0 ^{Note}
	TBP II HK	2,028	0 ^{Note}
Dr. Kang	TBP II HK	401	0 ^{Note}
Dr. Liang	TBP II HK	669	0 ^{Note}

Note: Each of Ming Fu, Huachuang No. 9, Laibing Xinlong, Shuizhiyan, Tianjin Pushu, Pangu Turing, Jinhongsheng VC and TBP II HK exercised their anti-dilution rights pursuant to a shareholder agreement entered into in May 2023 to acquire Shares from Yunsi Shangyi, Dr. Kang and Dr. Liang with nil consideration.

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Upon the completion of the above subscription and share transfers, the shareholding structure of our Company in June 2023 was as follows:

Shareholders	Number of Shares	Percentage of shareholding
Yunsi Shangyi	16,710,714	24.0815%
Ming Fu	6,529,499	9.4095%
TBP HK	6,202,020	8.9376%
Heyi Guyu	5,970,844	8.6045%
CII Fund	4,419,328	6.3686%
Yunchuang Hudong	2,639,158	3.8032%
Dr. Liang	2,622,368	3.7791%
JD Shangke	2,265,944	3.2654%
CLP Healthcare	1,602,476	2.3093%
Dr. Kang	1,573,421	2.2674%
Qirui Tiancheng	1,359,566	1.9593%
Qualcomm	1,240,404	1.7875%
CICC Jiatai	1,154,909	1.6643%
Ningbo Lianli	999,680	1.4406%
Jiaxing Jiahuang	683,556	0.9851%
Yingfeng Technology	679,783	0.9796%
Linghang Tianquan	536,828	0.7736%
Haikun Jiayu	506,784	0.7303%
Sichuan Innovation	453,188	0.6531%
Huachuang No.9	446,267	0.6431%
Linghang Tianji	358,554	0.5167%
Ningbo Lianchuang	333,229	0.4802%
CICC Pucheng	300,465	0.4330%
Songyin Venture	212,355	0.3060%
Dongzheng Hande	184,377	0.2657%
Dongzheng Xiade	184,377	0.2657%
Laibin Xinlong	150,715	0.2172%
Dongzheng Ruiyu	136,013	0.1960%
Dongzheng Fuxiang	136,013	0.1960%
Dongzheng Tengcong	136,013	0.1960%
Dongzheng Zhizhen	95,206	0.1372%
Shuizhiyan	75,358	0.1086%
Tianjin Pushu	328,574	0.4735%
Pangu Turing	72,254	0.1041%
TBP II HK	2,447,848	3.5275%
Jinhongsheng VC	75,165	0.1083%
Henan Southeast VC	1,989,007	2.8663%
Jinan Tongxin	795,603	1.1465%
Deyang Digital	159,121	0.2293%
Deyang Jinghua	636,482	0.9172%
Xinxin Xiangrong	397,801	0.5733%
Hangzhou Fuyang	1,591,206	2.2931%
Total	69,392,473	100 %

The Controlling Shareholders

Pursuant to a concert party agreement on May 26, 2019 and a supplemental agreement on January 12, 2023 among Dr. Huang, Dr. Liang and Dr. Kang, they have agreed to act in concert at meetings of our Board and the shareholders' meetings of our Company in accordance with the consensus achieved among them. In the event that they are unable to reach consensus on any matter presented, the parties shall vote in accordance with the direction of Dr. Huang. As of the Latest Practicable Date, Dr. Huang, Dr. Liang and Dr. Kang, by virtue of their acting-in-concert arrangement,

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were collectively interested in approximately 33.93% of our total issued share capital including (i) 3.78% of our total issued share capital directly held by Dr. Liang, (ii) 24.08% and 3.80% of our total issued share capital controlled by Dr. Huang indirectly through Yunsi Shangyi and Yunchuang Hudong, respectively, both of which have Tianjin Yunsheng as their respective general partner, and (iii) 2.27% of our total issued share capital directly held by Dr. Kang. Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Dr. Liang, Dr. Huang and Dr. Kang will, directly and indirectly through Tianjin Yunsheng, Yunchuang Hudong and Yunsi Shangyi, continue to control in aggregate approximately 33.32% of our total issued share capital.

Employee Incentive Schemes

To recognize the contributions of our key employees, incentivize our management team, retail talent and promote our long-term sustainable development, our Company has adopted the 2016 Employee Incentive Scheme and the 2023 Employee Incentive Scheme. Employees who participated in the Employee Incentive Scheme would be granted options or restricted share awards in the Employee Incentive Platforms. See “Appendix VI – Statutory and General Information – D. Employee Incentive Schemes”.

PREVIOUS A-SHARE LISTING ATTEMPT

To explore the opportunity of establishing a capital market platform in the A-share market, in July 2019, we entered into a guidance agreement to receive guidance from a qualified sponsor of A-share listing. We applied for the listing of our shares on the Shanghai Stock Exchange Star Market (上海證券交易所科創板) in November 2020 (the “**Star Market Listing Application**”) and received one round of comments from the Shanghai Stock Exchange in December 2020 requesting further disclosure mainly on our Company’s business, financial performance, and shareholding and management information. Nevertheless, given the market conditions, the average time required for approval of a listing application on the Star Market, we expected it would take an extensive period of time for the approval process of the Star Market Listing Application. Therefore, we decided to refocus and prioritize the time and resources to our business and technology development, with an aim to apply for listing at a later stage with more mature business conditions and at the appropriate market conditions, and voluntarily withdrew the Star Market Listing Application in February 2021.

Our Directors are of the view that there are no matters relating to the Star Market Listing Application which may pose a material adverse implication on the Listing or may affect the suitability of our Company to list the H Shares on the Stock Exchange, which should be highlighted in this prospectus for investors to form an informed assessment of our Company. Based on the independent due diligence conducted by the Joint Sponsors, having considered the conclusion and the basis of the Directors, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to disagree with the Directors’ conclusion in any material respect that there are no matters relating to the Star Market Listing Application which may pose a material adverse implication on the Listing or may affect the suitability of the Company to list the H Shares on the Stock Exchange, which should be highlighted in this prospectus for investors to form an informed assessment of the Company.

We are now seeking to list our H Shares in Hong Kong as we consider that the Stock Exchange is an internationally recognized and reputable stock exchange and will therefore provide an appropriate platform for us to introduce our business to a wider range of investors.

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PRE-IPO INVESTMENTS

Overview

Details of the Pre-IPO Investments are set out below:

Name of Pre-IPO Investors	Subscription Method	Date of agreements	Date of Settlement of Consideration Paid	Amount of Registered Capital Subscribed/ Acquired (in RMB)	Consideration	Cost Per Share Subscribed/ Acquired ⁽¹⁾	Discount to the Offer price ⁽²⁾	Shareholding in the Company upon Listing (assuming the Over-allotment Option is not exercised)
Heyi Guyu ⁽³⁾	New subscription	October 29, 2012	November 19, 2012	160,713 ⁽³⁾	RMB9,000,000 ⁽⁴⁾	RMB2.58 ⁽⁴⁾	107.18%	8.42%
			January 21, 2013	89,287 ⁽³⁾	RMB4,000,000 ⁽⁴⁾	RMB2.06 ⁽⁴⁾	107.51%	
	New subscription	November 29, 2013	January 2, 2014	500,000	RMB12,333,600	RMB9.09	103.03%	
Pangu Turing ⁽³⁾	Transferred by Tianjin Pushu	July 24, 2021	July 27, 2021	71,904	RMB9,600,000	RMB133.51	23.78%	0.10%
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	188	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	71	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	91	0 ⁽⁸⁾	N/A	N/A	
Ming Fu	New subscription	November 29, 2013	January 2, 2014	2,000,000	US dollars equivalent to RMB49,334,400	RMB9.09	103.03%	8.80%
	Transferred by Heyi Guyu and Yunsi Shangde	September 10, 2014	January 12, 2015	317,073	US\$3,466,665	US\$ 4.03	90.40%	
	New subscription	May 15, 2021	June 8, 2021	243,598	US\$5,000,000	US\$20.53	14.98%	
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	636	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	241	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	310	0 ⁽⁸⁾	N/A	N/A	
TBP HK	New subscription	September 10, 2014	February 26, 2015	2,286,585	US\$25,000,000	US\$ 4.03	90.40%	8.74%
TBP II HK	Transferred by TBP HK	June 16, 2021	June 17, 2021	2,435,979	US\$50,000,000	US\$20.53	14.98%	3.45%
	Transferred by Yunsi Shangyi, Dr. Kang and Dr. Liang	April 12, 2023	N/A	6,357	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi, Dr. Kang and Dr. Liang	May 15, 2023	N/A	2,414	0 ⁽⁸⁾	N/A	N/A	

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Name of Pre-IPO Investors	Subscription Method	Date of agreements	Date of Settlement of Consideration Paid	Amount of Registered Capital Subscribed/ Acquired (in RMB)	Consideration	Cost Per Share Subscribed/ Acquired ⁽¹⁾	Discount to the Offer price ⁽²⁾	Shareholding in the Company upon Listing (assuming the Over-allotment Option is not exercised)
	Transferred by Yunsi Shangyi, Dr. Kang and Dr. Liang	May 21, 2023	N/A	3,098	0 ⁽⁸⁾	N/A	N/A	
Qualcomm	New subscription	September 10, 2014	February 26, 2015	457,317	US\$5,000,000	US\$ 4.03	90.40%	1.75%
Ningbo Lianchuang ⁽⁵⁾	New subscription	November 25, 2015	January 28, 2016	122,856	RMB12,500,000	RMB37.51	84.93%	0.47%
Ningbo Lianli ⁽⁵⁾	New subscription	November 25, 2015	January 28, 2016	368,566	RMB37,500,000	RMB37.51	84.93%	1.41%
JD Shangke	New subscription	July 17, 2017	August 18, 2017	835,417	RMB100,000,000	RMB44.13	80.71%	3.19%
Qirui Tiancheng	New subscription	July 17, 2017	August 25, 2017	501,250	RMB60,000,000	RMB44.13	80.71%	1.92%
Yingfeng Technology	New subscription	July 17, 2017	September 1, 2017	250,625	RMB30,000,000	RMB44.13	80.71%	0.96%
Sichuan Innovation	New subscription	July 17, 2017	September 1, 2017	167,084	RMB20,000,000	RMB44.13	80.71%	0.64%
CLP Health care	New subscription	April 28, 2018	May 9, 2018	590,807	RMB80,000,000	RMB49.92	77.03%	2.26%
Wutong Linghang Series Funds	New subscription	April 28, 2018	May 15, 2018	330,113	RMB44,700,000	RMB49.92	77.03%	1.26%
Haikun Jiayu	New subscription	April 28, 2018	May 15, 2018	186,843	RMB25,300,000	RMB49.92	77.03%	0.71%
CII Fund	New subscription	July 23, 2018 ⁽⁶⁾	August 3, 2018	369,254	RMB50,000,000	RMB49.92	77.03%	6.23%
	New subscription	July 23, 2018 ⁽⁶⁾	August 3, 2018	1,260,080	RMB200,000,000	RMB58.52	71.55%	
Jiaxing Jiahuang	New subscription	July 23, 2018	July 31, 2018	252,016	RMB40,000,000	RMB58.52	71.55%	0.96%
CICC Jiatai ⁽⁷⁾	New subscription	July 23, 2018	August 6, 2018	315,020	RMB50,000,000	RMB58.52	71.55%	1.63%
	Transferred by Yantai Hanfu ⁽⁹⁾	March 27, 2019	April 25, 2019	110,776.5	RMB19,144,200	RMB63.72	68.23%	
CICC Pucheng ⁽⁷⁾	Transferred by Yantai Hanfu ⁽⁹⁾	March 27, 2019	April 9, 2019	110,776.5	RMB19,144,200	RMB63.72	68.23%	0.42%
Henan Southeast VC ⁽⁷⁾	New subscription	April 12, 2023	April 21, 2023	1,989,007	RMB250,000,000	RMB125.69	28.76%	2.80%
Dongzheng Entities	Transferred by Sky Galaxy ⁽⁹⁾ and Heyi Guyu	March 27, 2019	May 31, 2019	207,183	RMB35,808,000	RMB63.72	68.23%	1.23%
	New subscription	March 27, 2019	March 27, 2019	114,310	RMB31,192,000	RMB100.60	44.74%	

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Name of Pre-IPO Investors	Subscription Method	Date of agreements	Date of Settlement of Consideration Paid	Amount of Registered Capital Subscribed/ Acquired (in RMB)	Consideration	Cost Per Share Subscribed/ Acquired ⁽¹⁾	Discount to the Offer price ⁽²⁾	Shareholding in the Company upon Listing (assuming the Over-allotment Option is not exercised)
Songyin Venture	Transferred by Yunsi Shangyi	March 27, 2019	March 27, 2019	59,968	RMB15,000,000	RMB92.22	50.08%	0.30%
	New subscription	March 27, 2019	March 27, 2019	18,324	RMB5,000,000	RMB100.60	44.74%	
Huachuang No.9	New subscription	November 14, 2019	November 18, 2019	444,150	RMB59,220,000	RMB133.33	23.89%	0.63%
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	1,134	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	552	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	552	0 ⁽⁸⁾	N/A	N/A	
Laibin Xinlong	New subscription	December 17, 2019	December 19, 2019	150,000	RMB20,000,000	RMB133.33	23.89%	0.21%
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	383	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	145	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	187	0 ⁽⁸⁾	N/A	N/A	
Shuizhiyan	New subscription	December 17, 2019	December 18, 2019	75,000	RMB10,000,000	RMB133.33	23.89%	0.11%
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	192	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	72	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	94	0 ⁽⁸⁾	N/A	N/A	
Tianjin Pushu	New subscription	May 15, 2021	July 19, 2021	152,797	RMB20,400,000	RMB133.51	23.76%	0.46%
	New subscription	April 12, 2023	April 6, 2023	175,033	RMB22,000,000	RMB125.69	28.76%	
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	399	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	151	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	194	0 ⁽⁸⁾	N/A	N/A	
Jinhongsheng VC	New subscription	June 9, 2022	June 20, 2022	74,792	RMB10,000,000	RMB133.70	23.66%	0.11%
	Transferred by Yunsi Shangyi	April 12, 2023	N/A	200	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 15, 2023	N/A	76	0 ⁽⁸⁾	N/A	N/A	
	Transferred by Yunsi Shangyi	May 21, 2023	N/A	97	0 ⁽⁸⁾	N/A	N/A	
Jinan Tongxin	New subscription	April 12, 2023	April 25, 2023	795,603	RMB100,000,000	RMB125.69	28.76%	1.12%
Deyang Digital	New Subscription	May 15, 2023	May 15, 2023	159,121	RMB20,000,000	RMB125.69	28.76%	0.22%

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Name of Pre-IPO Investors	Subscription Method	Date of agreements	Date of Settlement of Consideration Paid	Amount of Registered Capital Subscribed/ Acquired (in RMB)	Consideration	Cost Per Share Subscribed/ Acquired ⁽¹⁾	Discount to the Offer price ⁽²⁾	Shareholding in the Company upon Listing (assuming the Over-allotment Option is not exercised)
Deyang Jinghua	New Subscription	May 15, 2023	May 16, 2023	636,482	RMB80,000,000	RMB125.69	28.76%	0.90%
Xinxin Xiangrong	New Subscription	May 15, 2023	June 6, 2023	397,801	RMB50,000,000	RMB125.69	28.76%	0.56%
Hangzhou Fuyang	New Subscription	May 21, 2023	June 2, 2023	1,591,206	RMB200,000,000	RMB125.69	28.76%	2.24%

Notes:

- (1) The cost per Share is calculated based on dividing the consideration by the number of Shares subscribed or acquired taking into consideration the capital increase resulted from the capital reserve conversion. In April 2013, the registered capital of our Company was increased from RMB1,250,000 to RMB10,000,000 through conversion of capital reserve as approved by the shareholders meeting. In June 2019, our Company was converted into a joint stock company and our registered capital was increased to RMB60,000,000.
- (2) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$185.00 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$165.00 and HK\$205.00.
- (3) The general partner of Heyi Guyu is Mr. Sun Ge (孫戈). The general partner of Pangu Turing is Beijing Pangu Venture Investment Co., Ltd. (北京磐谷創業投資有限責任公司) (“**Pangu Venture**”), which is owned as to 99% by Mr. Sun Ge.
- (4) Heyi Guyu subscribed a registered capital of RMB160,713 with a consideration of RMB9,000,000 in October 2012. Pursuant to the share subscription agreement dated October 25, 2012, Heyi Guyu was entitled to right of additional subscription so that it could hold 20% of equity interests in our Company. Heyi Guyu exercised its right of subscription in January 2013 and subscribed for additional registered capital of RMB89,287 with a consideration of RMB4,000,000.
- (5) The general partner of Ningbo Lianchuang and Ningbo Lianli is Zhejiang University Collaboration Innovation Investment Management Partnership (Limited Partnership) (浙江浙大聯合創新投資管理合夥企業 (有限合夥)) (“**Zhejiang Collaboration**”).
- (6) CII Fund entered into share subscription agreements as a series C+ investor and a series C3 investor on July 23, 2018.
- (7) CICC Jiatai and CICC Pucheng are ultimately controlled by China International Capital Corporation Limited (“**CICC**”). Henan Southeast VC is ultimately owned by Henan Investment Group Huirong Fund Management Co., Ltd. (河南投資集團匯融基金管理有限公司) (“**Henan Investment Group**”) and CICC as to 50% and 50%, respectively.
- (8) Each of Pangu Turing, Tianjin Pushu, Laibin Xinlong, Huachuang No.9, Jinhongsheng VC, Shuizhiyan, Ming Fu and TBP II HK exercised their anti-dilution rights pursuant to then effective shareholders agreement to acquire Shares from Yunsu Shangyi, Dr. Kang and Dr. Liang with nil consideration.
- (9) Yantai Hanfu and Sky Galaxy were Independent Third Parties.

Principal terms of the Pre-IPO Investments and Pre-IPO Investors’ rights

Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the Pre-IPO Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company’s business and general working capital purposes. As of the Latest Practicable Date, all of the net proceeds from the Pre-IPO Investments had been fully utilized.
Strategic benefits the Pre-IPO Investments brought to our Company	At the time of the Pre-IPO Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-IPO Investors’ investments in our Company and their knowledge and experience.
Basis of determining the consideration paid	The consideration for the Pre-IPO investments was determined based on arm’s length negotiations between the Company and the Pre-IPO Investors, taking into account the timing of the investments and the status of our business and operating entities.
Lock-up period	Pursuant to the applicable PRC law, all current Shareholders (including the Pre-IPO Investors) are subject to the relevant PRC statutory transfer restriction for a period of one year from the Listing Date.

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Special rights of the Pre-IPO Investors

Pursuant to the Shareholders Agreement, the Pre-IPO Investors had been granted certain special rights, including, among others, (i) pre-emptive right, (ii) right of first refusal and co-sale, (iii) anti-dilution rights, (iv) redemption rights, (v) liquidation preferences, and (vi) most favorable treatment. Pursuant to the Shareholder Agreement, all the special rights of the Pre-IPO Investors shall cease to be effective when the Company submits its listing application to the Stock Exchange, provided that such special rights shall resume automatically in the event that (i) the listing application has been withdrawn by or on behalf of the Company; or (ii) the Listing does not take place within 30 months following the Company's listing application other than governmental restrictions or within six months following the grant of the listing approval by the Stock Exchange.

Compliance with interim guidance and guidance letter

On the basis that (i) the considerations for the Pre-IPO Investments are irrevocably settled more than 28 clear days before the Company's listing application, (ii) the special rights granted to the Pre-IPO Investors ceased to be effective when the Company submitted its first listing application to the Stock Exchange, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Chapter 4.2 under the Guide for New Listing Applicants issued by the Stock Exchange.

Information relating to our principal Pre-IPO Investors

Set out below is a description of our Pre-IPO Investors.

Ming Fu

Ming Fu is a company established under the laws of Hong Kong, which is held as to 96.94% by Qiming Venture Partners III, L.P., whose general partner is Qiming GP III, L.P. the general partner of which is Qiming Corporate GP III, Ltd, an exempted company incorporated in the Cayman Islands which is an Independent Third Party, while the remaining 3.06% was held by Qiming Managing Directors Fund III, L.P. Qiming Venture Partners III, L.P. is a venture capital fund operated under Qiming Venture Partners focusing on investments in companies in the technology and consumer (T&C) and healthcare sectors across China.

TBP Entities

TBP HK is a company established under the laws of Hong Kong, and TBP II HK is a company established under the laws of Hong Kong, both of which are investment entities of Trustbridge Partners. Except for being a substantial Shareholder of our Company, Trustbridge Partners is independent from the Group.

Heyi Guyu and Pangu Turing

Heyi Guyu is a limited partnership established under the laws of the PRC on July 18, 2011. Mr. Sun Ge (孫戈) is the general partner of Heyi Guyu with 99% limited partnership interest. Pangu Turing is a limited partnership established under the laws of the PRC on February 28, 2019. The general partner of Pangu Turing is Pangu Venture, which is owned as to 99% by Mr. Sun Ge (孫戈). The limited partners of Pangu Turing with 10% or more partnership interest include Mr. Sun Ge with 56% partnership interest, Beijing Zhongguancun Collaborative Innovation Investment Fund (Limited

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Partnership) (北京中關村協同創新投資基金(有限合夥)) with 23% partnership interest, and Tianjin Technology Innovation Center (天津市科技創新發展中心) with 19% partnership interest, both being Independent Third Parties.

CII Fund

CII Fund is a limited partnership established under the laws of the PRC on March 23, 2017. Its general partner is China Internet Investment Fund Management Co., Ltd. (中國互聯網投資基金管理有限公司), which is ultimately held as to 40% by CNCERT (國家計算機網絡與信息安全管理中心), an Independent Third Party. The limited partners of CII Fund with 10% or more partnership interest include ICBC Credit Suisse Investment Management Co., Ltd. (工銀瑞信投資管理有限公司) with 33% partnership interest, Agricultural Bank Huili Asset Management Co., Ltd. (农银汇理资产管理有限公司) with 17% partnership interest and China Post Life Insurance Co., Ltd. (中郵人壽保險股份有限公司) with 20% partnership interest, all being Independent Third Parties.

JD Shangke

JD Shangke is a limited company established under the laws of the PRC on March 13, 2012, which is wholly owned by Beijing Jingdong Century Trade Co., Ltd. (北京京東世紀貿易有限公司), a wholly-owned subsidiary of JD.com, Inc., a company listed on the Nasdaq under the symbol “JD” and on the Stock Exchange (stock code: 9618) and an Independent Third Party.

CLP Healthcare

CLP Healthcare is a limited partnership established under the laws of the PRC on September 7, 2017. Its general partner is Hangzhou Shurong Shufeng Investment Management Partnership (Limited Partnership) (杭州數融數豐投資管理合夥企業(有限合夥)) (formerly known as Hangzhou CLP Shufeng Investment Management Partnership (Limited Partnership) (杭州中電數豐投資管理合夥企業(有限合夥))), whose general partner is Shurong Shuke (Beijing) Private Equity Fund Management Co., Ltd. (數融數科(北京)私募基金管理有限公司) (formerly known as CLP Digital Finance Investment Management (Hangzhou) Co., Ltd. (中電數融投資管理(杭州)有限公司)), which is held as to 21% by China Electric Data Services Co., Ltd. (中電數據服務有限公司), whose largest shareholder is China Electronics Co., Ltd. (中國電子有限公司) with 34.29% equity interest, which is ultimately held by China Electronics Corporation (中國電子信息產業集團有限公司), a state-owned enterprise and an Independent Third Party. The limited partners of CLP Healthcare with 10% or more partnership interest include Xiamen Orange Blue Star Investment Co., Ltd. (廈門市橙藍星投資有限公司) with 27% partnership interest, Hainan Qianyuan Lizhen Health Industry Investment Partnership (Limited Partnership) (海南乾元利貞健康產業投資合夥企業(有限合夥)) with 16% partnership interest, Ruidian Investment Management Co., Ltd. (瑞滇投資有限公司) with 15% partnership interest, Hainan Zhongjing Jiucheng Health Industry Investment Partnership (Limited Partnership) (海南中京玖誠健康產業投資合夥企業(有限合夥)) with 14% partnership interest, Beijing Shengshi Zhuoyou Investment Co., Ltd. (北京盛世卓優投資有限公司) with 13% partnership interest and Zheng Sisi (鄭思思) with 11% partnership interest, all being Independent Third Parties.

CICC Jiatai, CICC Pucheng and Henan Southeast VC

CICC Jiatai is a limited partnership established under the laws of the PRC on March 8, 2016, whose general partner is CICC Capital Management Co., Ltd. (中金資本運營有限公司) (“**CICC Capital**”). CICC Pucheng is a limited company established under the laws of the PRC on April 10,

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2012. Both CICC Capital and CICC Pucheng are wholly owned by CICC, a company listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908) and an Independent Third Party.

Henan Southeast VC is a limited partnership established under the laws of the PRC on November 14, 2022. Its general partner is Henan CICC Huirong Private Equity Fund Management Co., Ltd. (河南中金匯融私募基金管理有限公司), which is held as to 50% by Henan Investment Group, a state-owned enterprise and an Independent Third Party, and the remaining 50% by CICC Capital. The limited partners of Henan Southeast VC with 10% or more partnership interest include Henan Southeast Industrial Development Center (Limited Partnership) (河南豫東南產業開發中心(有限合夥)) with 45% partnership interest, Xinyang Huaxin Investment Group Co., Ltd. (信陽華信投資集團有限公司) with 35% partnership interest, and Xinyang Dingxin Industrial Investment Group Co., Ltd. (信陽鼎信產業投資集團有限公司) with 20% partnership interest, all being Independent Third Parties.

Wutong Linghang Series Funds

Linghang Tianji is a limited partnership established under the laws of the PRC on March 5, 2018. Linghang Tianquan is a limited partnership established under the laws of the PRC on March 9, 2018. The general partner of Linghang Tianji with 7% limited partnership interest and Linghang Tianquan with 3% limited partnership interest is Zhuhai Wutong Linghang Investment Management Co., Ltd. (珠海梧桐領航投資管理有限公司) (“**Wutong Linghang**”), a limited company established under the laws of the PRC on January 21, 2016. It is owned as to 66% by Beijing Linghang Business Management Co., Ltd. (北京領航商業管理有限公司), which is held as to 99% by Wang Yan, an Independent Third Party. The limited partner of Linghang Tianji is Baihe No. 5 (Shenzhen) Investment Partnership (Limited Partnership) (百和五號(深圳)投資合夥企業(有限合夥)) with 93% limited partnership interest, being an Independent Third Party. The sole limited partner of Linghang Tianquan is Shenzhen Zhanxiang Information Technology (深圳市展想信息技術有限公司) with 97% limited partnership interest, being an Independent Third Party.

Ningbo Lianchuang and Ningbo Lianli

Ningbo Lianchuang is a limited partnership established under the laws of the PRC on February 13, 2015, and Ningbo Lianli is a limited partnership established under the laws of the PRC on June 4, 2015. The general partner of Ningbo Lianchuang and Ningbo Lianli is Zhejiang Collaboration, which is ultimately owned by Lin Guang, an Independent Third Party. The limited partners of Ningbo Lianchuang with 10% or more partnership interest include Zhejiang University Innovation Technic Institute Co., Ltd. (浙江大學創新技術研究院有限公司), Zhejiang Shuanghuan Driveline Co., Ltd. (浙江雙環傳動機械股份有限公司) and Zhejiang Crystal-Optech Co., Ltd. (浙江水晶光電科技股份有限公司), each being Independent Third Parties with 20% partnership interest. The limited partners of Ningbo Lianli with 10% or more partnership interest include Lin Guang (林光) with 19% partnership interest, Lin Lvxin (林呂鑫) with 13% partnership interest, and Cheng Weihai (程衛海) with 10% partnership interest, all being Independent Third Parties.

Qirui Tiancheng

Qirui Tiancheng is a limited partnership established under the laws of the PRC on September 25, 2015, which is held as to 90% by Beijing Qifutong Technology Co., Ltd. (北京奇付通科技有限公司), a wholly-owned company of 360 Security Technology Inc. (三六零安全科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601360) and an Independent Third Party.

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Qualcomm

Qualcomm is a company established under the laws of California on December 8, 1993, which is wholly owned by Qualcomm Technologies, Inc., a company wholly owned by QUALCOMM Incorporated, a company listed on the Nasdaq (stock code: QCOM) and an Independent Third Party.

Dongzheng Entities

Dongzheng Hande is a limited partnership established under the laws of the PRC on March 22, 2017. Other limited partner of Dongzheng Hande with 10% or more partnership interest includes Ningbo Aux Investment Co., Ltd. (寧波奧克斯投資管理有限公司) (“**Ningbo Aux**”) with 44% partnership interest, being an Independent Third Party.

Dongzheng Xiade is a limited partnership established under the laws of the PRC on February 11, 2018. Other limited partners of Dongzheng Xiade with 10% or more partnership interest include Ningbo Aux with 22% partnership interest, Xuan Jian Gang (宣建鋼) with 14% partnership interest, Zhang Yuxin (張宇鑫) with 13% partnership interest, and Shenzhen Zhuoyue Venture Investment Co., Ltd. (深圳市卓越創業投資有限責任公司) with 11% partnership interest, all being Independent Third Parties.

Dongzheng Ruiyu is a limited partnership established under the laws of the PRC on December 26, 2016. Other limited partner of Dongzheng Ruiyu with 10% or more partnership interest includes Jiangsu King’s Luck Brewery Joint-Stock Co., Ltd. (江蘇今世緣酒業股份有限公司) with 33% partnership interest, being an Independent Third Party.

Dongzheng Fuxiang is a limited partnership established under the laws of the PRC on November 7, 2017. The limited partners of Dongzheng Fuxiang with 10% or more partnership interest include Zhu Qi (朱琦) with 20% partnership interest, Nantong Jianghai Industrial Development Investment Fund (Limited Partnership) (南通江海產業發展投資基金(有限合夥)) with 17% partnership interest, Luo Xiaowei (羅曉煒) with 14% partnership interest and Zhang Minhua (張敏華) with 10% partnership interest, all being Independent Third Parties.

Dongzheng Tengcong is a limited partnership established under the laws of the PRC on April 8, 2016. The limited partners of Dongzheng Tengcong with 10% or more partnership interest include Qushui Tengjun Enterprise Management Co., Ltd. (曲水騰駿企業管理有限公司) with 17% partnership interest, and each of Zhao Anchang (趙安昌), Wang Kanglin (王康林), Yang Xiaoling (楊曉玲), He Hu (何虎) and Shanghai Shenneng Chengyi Equity Investment Co., Ltd. (上海申能誠毅股權投資有限公司) with 10% partnership interest, all being Independent Third Parties.

Dongzheng Zhizhen is a limited partnership established under the laws of the PRC on March 7, 2017. The limited partner of Dongzheng Zhizhen with 10% or more partnership interest includes Li Huacheng (李華成) with 10% partnership interest, an Independent Third Party.

The general partner of each of Dongzhen Hande, Dongzheng Xiade, Dongzheng Ruiyu, Dongzheng Fuxiang, Dongzheng Tengcong and Dongzheng Zhizhen is Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), which is wholly owned by Orient Securities Company Limited (東方證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600958) and the Stock Exchange (stock code: 3958) and an Independent Third Party.

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Jinan Tongxin

Jinan Tongxin is a limited partnership established under the laws of the PRC on March 23, 2023. Its general partner is Shandong Tongxin Tongtai Private Equity Fund Management Co., Ltd. (山東同信同泰私募基金管理有限公司), which is wholly owned by Jinan Licheng Holding Group Co., Ltd. (濟南曆城控股集團有限公司) (“Jinan Licheng”). The sole limited partner of Jinan Tongxin is Jinan Licheng Holding Industry Investment Group Co., Ltd. (濟南曆城控股產業投資集團有限公司) which is wholly owned by Jinan Licheng. Jinan Licheng is a state-owned enterprise and an Independent Third Party.

Hangzhou Fuyang

Hangzhou Fuyang is a limited partnership established under the laws of the PRC on December 29, 2022. Its general partner is Hangzhou Fuyang Futoufa Asset Management Co., Ltd. (杭州富陽富投發資產管理有限公司), a state-owned enterprise and an Independent Third Party. The sole limited partner of Hangzhou Fuyang is Hangzhou Fuyang Industrial Fund Investment Management Co., Ltd. (杭州富陽產業基金投資管理有限公司), a state-owned enterprise and an Independent Third Party.

Jiaxing Jiahuang

Jiaxing Jiahuang is a limited partnership established under the laws of the PRC on April 10, 2018. Its general partner is JIC Capital Management (Tianjin) Limited (中建投資本管理(天津)有限公司), a state-owned enterprise. The limited partners of Jiaxing Jiahuang with 10% or more partnership interest include Beijing Aotongda Energy Saving Environment Protection Technological Development Center (北京奧通达信息技术服务中心) with 83% partnership interest, and Huzhou Yinghao Investment Partnership (Limited Partnership) (湖州盈皓投資合夥企業(有限合夥)) with 13% partnership interest, both of which are Independent Third Parties.

Yingfeng Technology

Yingfeng Technology is a limited partnership established under the laws of the PRC on June 30, 2017. Its general partner is Ningbo Yingfeng Equity Investment Fund Management Co., Ltd. (寧波盈峰股權投資基金管理有限公司) which is ultimately wholly owned by Infore Group Co., Ltd. (盈峰集團有限公司), which is in turn owned as to 88% by He Jianfeng (何劍鋒). Its sole limited partner with 99.9% partnership interest is Ningbo Poluofer Investment Management Co., Ltd. (寧波普羅非投資管理有限公司) which is wholly owned by Meidi Holding Co., Ltd. (美的控股有限公司), an Independent Third Party.

Deyang Digital and Deyang Jinghua

Deyang Digital is a limited company established under the laws of the PRC on July 9, 2021, which is wholly owned by Deyang Jingshang Forestry Technology Co., Ltd. (德陽市旌尚林業科技有限公司), a state-owned enterprise.

Deyang Jinghua is a limited company established under the laws of the PRC on August 28, 2017, which is wholly owned by Deyang Investment Holding Group Co., Ltd. (德陽投資控股集團有限公司), a state-owned enterprise.

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Haikun Jiayu

Haikun Jiayu is a limited partnership established under the laws of the PRC on January 9, 2018. Its general partner is Haikun Investment Management (Shanghai) Co., Ltd. (海鲲投资管理 (上海) 有限公司) which is wholly owned by He Huojian (贺火箭), an Independent Third Party. The limited partners of Haikun Jiayu with 10% or more partnership interest include Hangzhou Haikun Jiazheng Investment Partnership (Limited Partnership) (杭州海鲲嘉正投资合伙企业 (有限合伙)) with 89% partnership interest, and Hangzhou Haikun Jiahe Investment Partnership (Limited Partnership) (杭州海鲲嘉和投资合伙企业 (有限合伙)) with 11% partnership interest, whose general partner are both Haikun Investment Management (Shanghai) Co., Ltd.

Sichuan Innovation

Sichuan Innovation is a limited partnership established under the laws of the PRC on December 29, 2015. Its general partner is Sichuan Innovation Development Investment Management Co., Ltd. (四川创新发展投资管理有限公司), a state-owned enterprise. All of the four limited partners of Sichuan Innovation are state-owned enterprises.

Huachuang No. 9

Huachuang No. 9 is a limited partnership established under the laws of the PRC on April 23, 2018. Its general partner is Shenzhen Qianhai Zhongzhong Equity Investment Co., Ltd. (深圳前海中众股权投资有限公司), which is ultimately owned as to 88% by Huang Xiaomian (黄小勉), an Independent Third Party. The limited partners of Huachuang No. 9 with 10% or more partnership interest include Qu Jiawen (曲佳文) with 17% partnership interest, Huang Hongsheng (黄洪生) with 16% partnership interest, Xiamen Peony Development Investment Co., Ltd. (厦门牡丹发展投资有限公司) with 16% partnership interest, and Zhao Haisen (赵海森) with 13% partnership interest, all of which are Independent Third Parties.

Xinxin Xiangrong

Xinxin Xiangrong is a limited company established under the laws of the PRC on June 23, 2015. It is wholly owned by Beijing Ke Le Tang Technology Co., Ltd. (北京可乐堂科技有限公司) which is controlled by Beijing Chuzhi Consulting Management Co., Ltd. (北京初知咨询管理有限公司), an Independent Third Party.

Tianjin Pushu

Tianjin Pushu is a limited partnership established under the laws of the PRC on May 10, 2021. Its general partner is Li Zhichao (李志超), our non-executive Director. The limited partners of Tianjin Pushu with 10% or more partnership interest include Wang Yonghui (王永辉) with 70% partnership interest, Xu Qiang (许强) with 12% partnership interest, both are Independent Third Parties, and Sun Ge (孙戈) with 11% partnership interest, who also held interest in Heyi Guyu and Pangu Turing.

Songyin Venture

Songyin Venture is a limited partnership established under the laws of the PRC on May 12, 2015. Its general partner is Shanghai Songyin Wealth Asset Management Co., Ltd. (上海淞银私募基金管理有限公司), an Independent Third Party. Its sole limited partner with 99.9% partnership interest is Lin Chanzhen (林婵贞), an Independent Third Party.

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Laibin Xinlong

Laibin Xinlong is a limited company established under the laws of the PRC on April 14, 2016, whose two shareholders, Guangxi Laibin Hengda Investment Management Co., Ltd. (广西来宾恒达投资管理有限公司) and Guangxi Laibin Finance Investment Group Co., Ltd. (广西来宾金融投资集团有限公司), each holding 50% equity interest in Laibin Xinlong, are all state-owned enterprises.

Shuizhiyan

Shuizhiyan is a limited partnership established under the laws of the PRC on September 11, 2017. Its general partner is Watere Capital Management Co., Ltd. (水木春锦资本管理有限公司), which is owned as to 76% by Mizuki Wealth (Beijing) Asset Management Co., Ltd. (水木财富(北京)资产管理有限公司), an Independent Third Party. The limited partners of Shuizhiyan with 10% or more partnership interest include Mumeng Technology Group Co., Ltd. (沐盟科技集团有限公司) with 65% partnership interest and Bai Lingling (白玲玲) with 15% partnership interest, both being Independent Third Parties.

Jinhongsheng VC

Jinhongsheng VC is a limited partnership established under the laws of the PRC on February 1, 2021. Its general partner is Guangzhou Jinda Investment Fund Management Co., Ltd. (广州金达投资基金管理有限公司) which is ultimately owned as to 90% by Liang Tongcan (梁桐灿). Its sole limited partner with 99.9% partnership interest is Guangdong Hongyu Group Co., Ltd. (广东宏宇集团有限公司), an Independent Third Party.

MAJOR ACQUISITION, DISPOSALS AND MERGERS

Fujian Unisound was established on January 7, 2021 and held as to 51%, 25% and 24% by our Company and two other shareholders, respectively. Since its establishment, Fujian Unisound has been our subsidiary. In May 2023, our Company acquired 24% equity interest of Fujian Unisound from one of the shareholders (the “**Original Shareholder**”) with a consideration of RMB480,000 (the “**Minority Interest Acquisition**”) which was determined based on arms’ length negotiations between the Company and the Original Shareholder. The Minority Interest Acquisition was completed in May 2023. Upon the completion of the Minority Interest Acquisition, Fujian Unisound was held as to 75% and 25% by our Company and Sinosure Energy Technology Co., Ltd. (中保能源科技有限公司), respectively.

During the Track Record Period and up to the Latest Practicable Date, we have not made any acquisitions, disposals or mergers that we consider to be material to us.

PUBLIC FLOAT

The 24,995,061 Domestic Unlisted Shares and 4,570,649 Unlisted Foreign Shares that will not be converted into H Shares (collectively representing approximately 41.67% of our total issued Shares upon Listing assuming the Over-allotment Option is not exercised) will not be considered as part of the public float as these Shares will not be converted into H Shares and will not be listed following the completion of the Global Offering.

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Of the 27,977,641 H Shares, representing approximately 39.43% of our total issued Shares upon Listing (assuming that the Over-allotment Option is not exercised), to be converted from Domestic Unlisted Shares and listed on the Stock Exchange following the completion of the Global Offering:

- (a) 20,761,847 H Shares, representing approximately 29.26% of our total issued Shares upon Listing (assuming that the Over-allotment Option is not exercised) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as such remaining shareholders are not core connected persons of our Company upon Listing nor accustomed to take instructions from the Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by the Company's core connected persons; and
- (b) 7,215,794 H Shares, representing approximately 10.17% of our total issued Shares upon Listing (assuming that the Over-allotment Option is not exercised), will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as such Shares are being held by our Controlling Shareholders and Tianjin Pushu whose general partner is Mr. Li Zhichao, our non-executive Director.

Further, of the 11,849,122 H Shares, representing approximately 16.70% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), to be converted from Unlisted Foreign Shares and listed on the Stock Exchange following the completion of the Global Offering:

- (a) 3,199,254 H Shares, representing approximately 4.51% of our total issued Shares upon Listing (assuming that the Over-allotment Option is not exercised) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as these entities will not be core connected persons of our Company upon Listing, are not accustomed to take instructions from core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by core connected persons;
- (b) 8,649,868 H Shares (representing approximately 12.19% of our total issued Shares upon Listing assuming that the Over-allotment Option is not exercised) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Listing as such Shares are being held by TBP and TBP II HK, our substantial Shareholders.

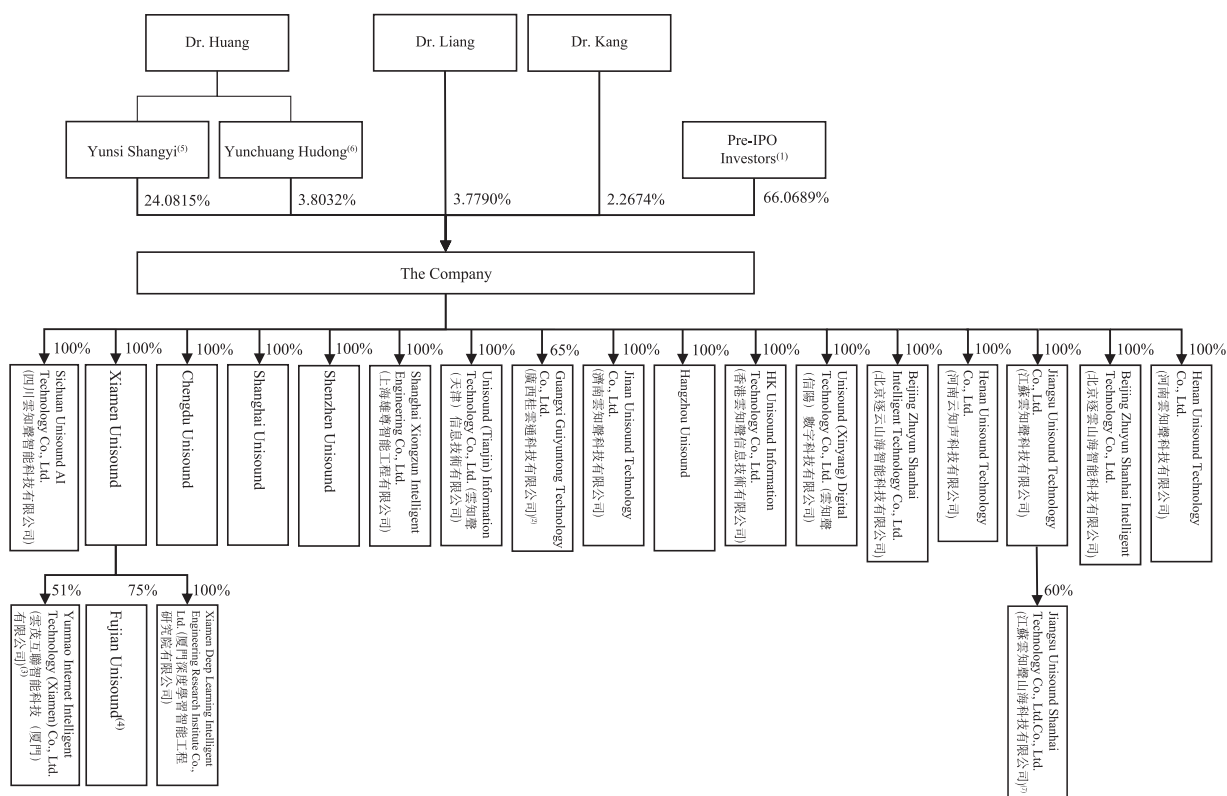
Therefore, 28,785,181 H Shares comprising 20,761,847 H Shares converted from Domestic Unlisted Shares, 3,199,254 H Shares converted from Unlisted Foreign Shares and 1,560,980 H Shares to be issued pursuant to the Global Offering, representing approximately 35.97% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised and the H Shares to be issued pursuant to the Global Offering will not be held by any core connected person of the Company), will be counted towards the public float of our Company according to Rule 8.08 of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Corporate Structure before the Global Offering

The following diagram illustrates the simplified corporate and shareholding structure of our Company immediately prior to the completion of the Global Offering:



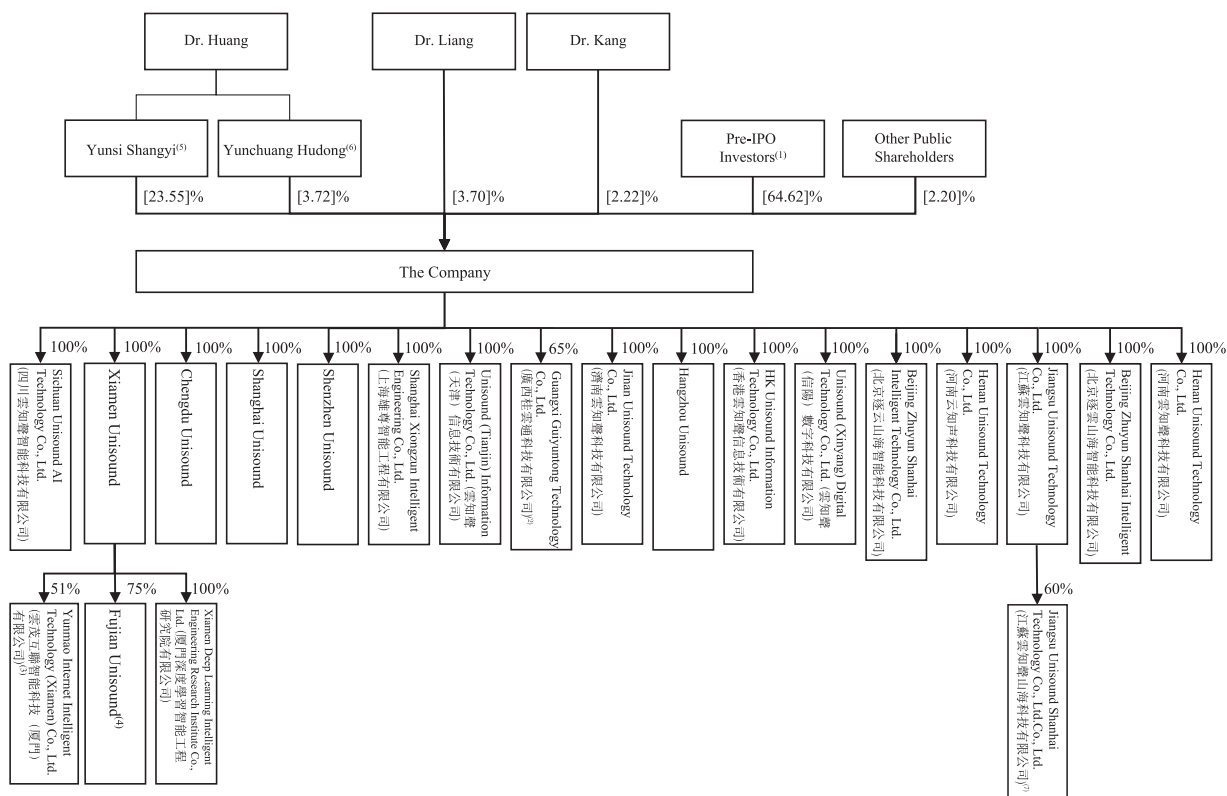
Note:

- (1) For details of the Pre-IPO Investors, see “- Pre-IPO Investment” under this section.
- (2) The remaining 35% equity interest of Guangxi Guiyuntong Technology Co., Ltd. (廣西桂雲通科技有限公司) was owned by Nanning Rail Technology Innovation Investment Co., Ltd. (南寧軌道科技創投資有限公司), an Independent Third Party.
- (3) The remaining 49% equity interest of Yunmao Internet Intelligent Technology (Xiamen) Co., Ltd. (雲茂互聯智能科技(廈門)有限公司) was owned by Shanghai Shibin e-commerce Co., Ltd. (上海世濱電子商務有限公司), which is owned by Shimao Group Holdings Limited (世茂集團控股有限公司).
- (4) The remaining 25% equity interest of Fujian Unisound was owned by Sinosure Energy Technology Co., Ltd. (中保能源科技有限公司), an Independent Third Party.
- (5) The general partner of Yunsi Shangyi is Tianjin Yunsheng with 0.1% partnership interest, which is held as to 99% by Dr. Huang and 1% by Mr. Liu Shengping, our executive Director. The limited partners of Yunsi Shangyi include Dr. Huang with 82.6% partnership interest, and Yunsi Shangzhi, one of our Employee Incentive Platforms, as to 17.3%. Therefore, Yunsi Shangyi is controlled by Dr. Huang.
- (6) The general partner of Yunchuang Hudong is Tianjin Yunsheng. The limited partners of Yunchuang Hudong include Dr. Huang with 41.9% partnership interest, Yunsi Shangxin, one of our Employee Incentive Platforms whose general partner is Tianjin Yunsheng, with 42.4% partnership interest, and an employee of the Company and an Independent Third Party with 15.7% partnership interest. Therefore, Yunchuang Hudong is controlled by Dr. Huang.
- (7) The remaining 40% equity interest of Jiangsu Unisound Shanghai Technology Co., Ltd. was owned by Yunminy Information Consulting Services (Nanjing) Partnership Enterprise (Limited Partnership) (雲敏億信息諮詢服務(南京)合夥企業(有限合夥)), an Independent Third Party.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure immediately following the Global Offering

The chart below sets out the shareholding structure of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):



Notes (1) to (7): Please refer to the shareholding and corporate structure immediately prior to the completion of the Global Offering.

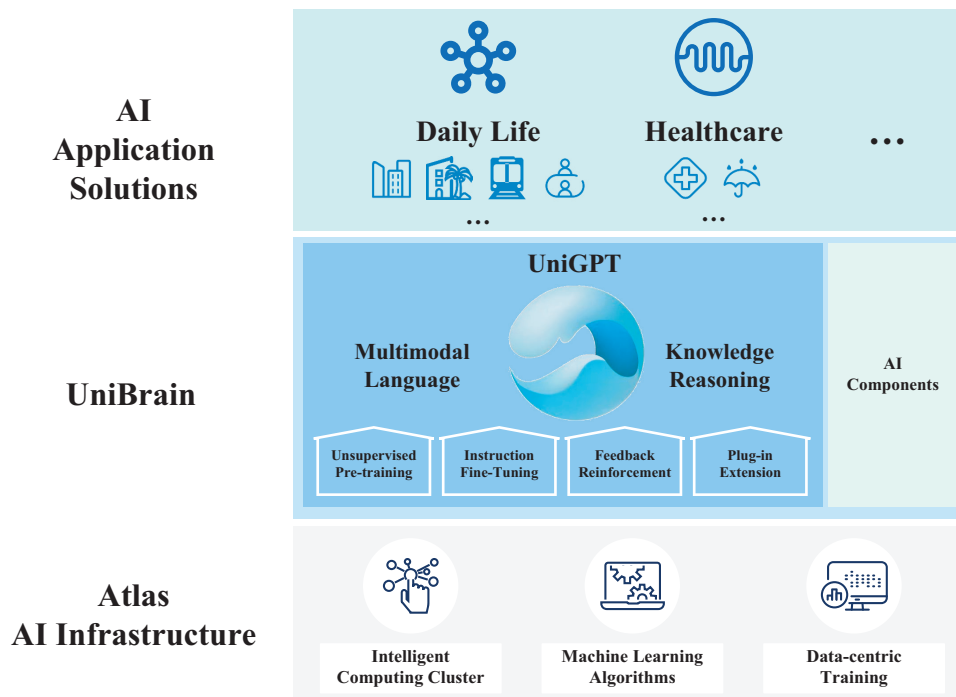
OVERVIEW

Who We Are

We are an AI company solution provider focusing on the sales of conversational AI products and solutions for daily life and healthcare related application scenarios in China. Our business centers on empowering customers across various industries with user-centric AI solutions that improve operational efficiency, enhance decision-making and deliver better outcomes. These solutions are built on our proprietary central technology platform, UniBrain, which serves as the foundation of a wide range of applications, from intelligent customer service and healthcare diagnostics to multilingual conversational assistants. Our technology leverages continuous human interaction to refine its capabilities. In 2023, we introduced UniGPT, a 60 billion-parameter large language model with generative multilingual and multimodal capabilities, which enables human-machine interaction through dynamic reasoning and cross-modal data processing. Supported by our Atlas AI infrastructure, we ensure efficient model training and deployment, driving iteration and industry-specific adaptation.

We have offered products and solutions for a broad range of application scenarios. China's AI solution market is highly fragmented. According to Frost & Sullivan, we remained the fourth largest AI solution provider by revenue with a market share of 0.6% in China in each year of the Track Record Period, yet recording a high growth rate among those with annual revenues over RMB500 million. While the market size of AI solution in China increased by 33.1% from RMB135.5 billion in 2023 to RMB180.4 billion in 2024, our revenue increased by 29.1% from RMB727.3 million in 2023 to RMB939.0 million in 2024. In 2024, we ranked third by revenue in AI Solution in Daily Life and fourth in AI Solution in Healthcare in China. Extensive commercial application of these products and solutions has provided us with high-quality user feedback, which, in turn, prompting incessant iterations of UniGPT as the core of UniBrain.

The diagram below illustrates the Atlas AI infrastructure, UniBrain and the AI application solutions, which are respectively the foundational layer, the central technology platform layer and the application layer that, together, form the technology stack of our AI solutions.



Atlas AI Infrastructure

Our Atlas AI Infrastructure is the foundational layer that consists of the hardware and software resources which enable computing, storage, connectivity, scheduling and management. It supports the development, optimization and operation of the central technology platform, UniBrain, as well as UniBrain's core algorithm model, UniGPT. We strategically started building the Atlas AI infrastructure in 2016, which centers on our intelligent computing cluster, dynamically scheduling strong computing power for efficient machine task learning tasks. Strong computing power provides critical support to our endeavors in developing and optimizing frontier AI models and exploring their commercial application.

Intelligent Computing Cluster

Our intelligent computing cluster is the cornerstone of our AI solutions. Our intelligent computing cluster currently harbors a computing power of over 184 PFLOPS, and a storage capacity of over 10PB, both of which can be expanded without interrupting training tasks.

Our intelligent computing cluster can efficiently and dynamically dispatch thousands of GPUs for parallel computing and seamlessly perform dynamic scale-up to address shifting business demand. It also optimizes storage, bandwidth and computing power for large-scale machine learning tasks. For large language models, in particular, our intelligent computing cluster carries out deep engineering efficiency optimization of parallel mechanisms, fully utilizing computing and bandwidth resources. The strong computing power, efficient and dynamic dispatch and scalability of the intelligent computing cluster form our core competitive strengths in advancing AI solutions.

Machine Learning Algorithms

Since our inception, we have been exploring the potential of AI models in a wide range of commercial application scenarios.

According to Frost & Sullivan, in 2012, we were one of the first to apply deep learning algorithms to speech recognition products. Since then, we have continued to promote the commercial application of advanced AI algorithms, including Convolutional Neural Network (CNN), Generative Adversarial Networks (GAN) and Reinforcement Learning (RL).

We were also one of the first in Asia to commercialize AI large language models, according to Frost & Sullivan. In 2018, leveraging emerging Transformer algorithms, we achieved top two ranking in the WMT2018 World Machine Translation Technology Evaluation. Since then, we offered Transformer-enhanced AI solutions to customers across a wide range of industry verticals. In 2023, we launched our proprietary 60 billion-parameter large language model - UniGPT, which we continue to iterate.

Data-centric Training Approach

Leveraging our industry know-how and insights, we have constructed a data-centric AI model training and optimization framework, under which our AI models select diversified, high quality data and feed them back to the continuous training and optimization of AI models, forming a self-reinforcing cycle from accumulated data and industry know-how to the initial model, and from feedback data to model optimization. We believe that training guided by even just limited volume of high-quality data has superior efficiency than that guided by massive volume of unfiltered data. Such

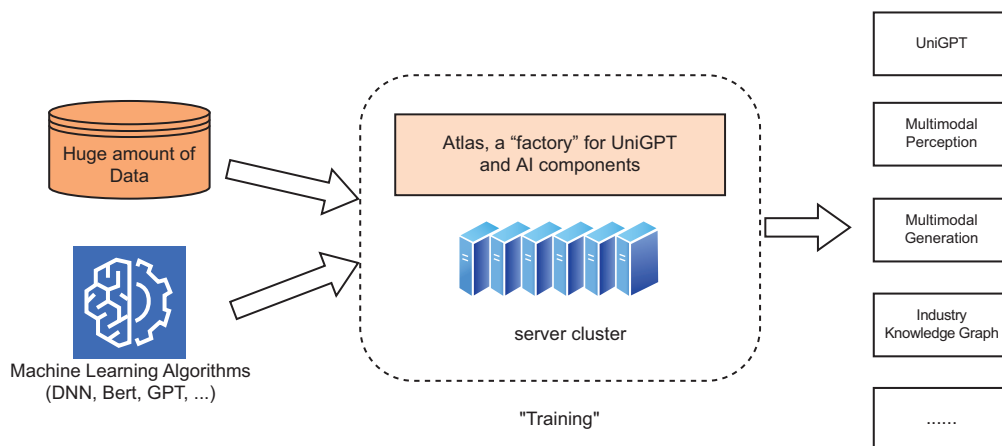
training framework eliminates the need for model reconstruction when developing new AI solutions, and does not require substantial human intervention, thus freeing us from the laborious instruction fine-tuning support and allowing us to focus our R&D efforts on base model optimization.

UniBrain

UniBrain is the central technology platform layer that includes delivery and deployment methods such as chips, edge-side SDKs and public and private cloud deployment. This central technology platform powers our AI application solutions, and is where our developers build, test and manage the AI application solutions. UniBrain is supported by Atlas AI infrastructure, and comprises a core algorithm model and a wide array of AI components. The core algorithm model had been UniCore since 2019 until it was replaced by UniGPT in May 2023. UniCore was our first BERT-based large language model. Building on the evolution and advancement of the UniCore in past years, UniGPT features greater parameter and data scale as well as generative capabilities, and, pre-trained with massive volume of text and code, it has over 60 billion parameters and possesses strong general abilities.

Key Features of UniBrain

- **Universal:** UniGPT is based on large scale generative pre-training and efficient fine-tuning framework. It possesses strong abilities in natural language, general knowledge, reasoning and rapid learning and can handle complex application scenarios across industries, improving commercialization efficiency.
- **Adaptable:** We enhance UniGPT's industry-specific application with incremental training and fine-tuning with industry data, as well as plug-ins and AI components without the need for heavy model re-training, adapting our AI solutions to highly-specialized scenarios. We can integrate UniGPT with a customer's proprietary knowledge bank, real-time information and readily available APIs to optimize its performance in highly-specialized application scenarios.
- **Efficient:** Based on the strong language, knowledge and learning capability of UniGPT, our AI solutions are inherently adaptive, capable of processing mainstream demands across industries. When expanding the application of our AI solutions, we perform a task data fine-tuning process rapidly under a unified adaptation framework, without the need for model reproduction and process redevelopment based on specific business logics, and hence significantly reducing the human input needed. This approach differs from the traditional "workshop-style" manual crafting of AI end products, yielding higher R&D efficiency.



UniGPT and many AI components developed based on deep learning share common production processes. They require a large amount of raw training data and substantial computing power, which is typically provided by GPU servers. The GPU servers, collectively, form the intelligent computing clusters of Atlas AI infrastructure. However, they face challenges brought about by the complexity of the algorithm and the size of the data, and the computational power of the cluster. Also, there is a contradiction between the scale of the cluster and the efficiency of scheduling.

As illustrated by the above chart, Atlas addresses these issues. It helps training AI components from raw data and efficiently manages larger scale training of algorithms of increasing complexity.

AI Application Solutions

Sitting at the top of our technology stack, our AI application solutions layer is what users interact with. Based on UniBrain, we offer easy-to-deploy AI products and solutions with optimal performance that, based on our increasing MaaS capabilities, can be efficiently fine-tuned for a broad range of customers, helping them improve operational efficiency and productivity, as well as bring value to end users across industries. Specifically, the AI application solutions can be divided into Daily Life and Healthcare scenarios:

- **Daily Life:** We provide diverse AI products and solutions that can be applied in application scenarios, including transportation, commercial space, hospitality and residential scenarios, among others, to improve the convenience and quality of people's everyday life. Enterprises can provide immersive intelligent products and services empowered by our AI solutions to their customers, thereby improving their operational efficiency and service quality and reducing their management costs. For example, we developed the voice ticketing system applied in the auto ticketing machine of the Shenzhen Metro Line 20. Such system enables passengers to select their destinations through speech, shortening the average time spent on selecting a station on a ticketing machine from approximately 15 seconds in the traditional manual way to about 1.5 seconds. Such function enhances the efficiency of ticket purchasing and addresses the issue of congestion caused by queues at ticketing machines, thereby improving the overall passenger experience and optimizing the flow of traffic within the metro station. In 2022, 2023 and 2024, our Daily Life solutions empowered 299, 294 and 313 enterprise customers and 86, 112 and 121 system integrators/agents, which include a top three insurance group in China, Shenzhen Metro Line 20 and Xiamen Software Park. In addition, we provide AI large language model capabilities through MaaS to developers and enterprises on-demand. Key products include public cloud-based AI capability APIs, customized proprietary AI technology service platforms and AI model-embedded chips and IoT hardware modules. In the same years, we sold 12.8 million, 24.5 million and 36.0 million AI chips to developers and customers, respectively. We typically determine the final price of our offerings based on the total unit price of the products selected by the customer and the level of customization performed.
- **Healthcare:** We offer AI-empowered healthcare solutions such as medical record voice entry, medical record quality control, single-disease quality control and medical insurance payment management.

These AI solutions are typically delivered as customized AI-empowered systems, which can regulate medical service processes and decisions, thus reducing medical errors, improving medical service quality and safeguarding the rights of the patients. For instance,

in the context of medical record quality control, traditional information technology solutions, prior to the application of AI, could only perform basic quality control in terms of timeliness and completeness. However, with the application of natural language understanding and clinical knowledge mapping, it can now conduct quality control in terms of standardization and rationality, greatly enhancing the scope and depth of quality control and reaching a degree of completion close to that of manual expert quality control. Specifically, natural language understanding technology is used to identify entities and extract relationships from medical record texts. Through understanding these documents, it can model and recreate the changes in a hospitalized patient's condition and the process of diagnosis and treatment. Then, the knowledge stored in clinical knowledge graph is applied for reasoning to determine whether the diagnosis and treatment actions reflected in the medical record documents are reasonable, thereby conducting in-depth quality control.

These AI solutions can also help medical staff increase efficiency. For example, our medical record voice entry system accelerates medical record entries by four to six times, compared to typing input; our medical record quality control system reduces the time required for quality review by 80%, compared to manual review, and thus is capable of a full inspection of all the medical records, compared to a sampling inspection of medical records if reviewed manually.

The NHC requires hospitals to report data on patients with certain diseases. The single-disease data reporting system is a tool that we developed to help hospitals automate this process and improve the quality of diagnosis and treatment. This system has three main components:

- **The reporting on the individual disease:** The system reads the electronic medical records of each patient who meets the inclusion criteria for a specific disease, fills in the required data items, and submits them to the NHC through an interface.
- **The indicator evaluation on the single disease:** The NHC assesses the hospital's performance based on specific indicators for each disease. Our system provides the hospital with a tool to conduct internal quality control based on the NHC's standards.
- **The treatment process management for the single disease:** Our system is a clinical decision support system that reviews the doctor's actions during the diagnosis and treatment process, such as prescribing orders and writing medical records, and provides feedback based on the patient's condition and the best practices. It provides timely reminders and warnings to avoid situations that could negatively impact the quality of care for single diseases. For example, if a doctor, while writing the initial medical record, fails to sufficiently assess the severity of pneumonia in a patient with community-acquired pneumonia who meets the single disease reporting standards, our system will promptly provide a pop-up reminder during the record writing process.

The single-disease data reporting system reduces the workload for hospitals, enhances the accuracy and timeliness of data reporting, and supports the improvement of clinical outcomes.

With the adoption of our AI-empowered solutions, hospitals and medical institutions can prevent unreasonable medical expenses, contributing to medical reform and enhancing the utilization and efficiency of medical insurance systems. In 2024, we successfully delivered AI solutions to 166

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healthcare customers. Our pricing model is typically determined based on the functionalities of the solutions provided and the level of customization required. Importantly, we are not subject to any product or medical liabilities to the end users of our healthcare products and solutions, as they are designed to assist medical professionals in their decision-making processes.

Market Opportunity

AI has been adopted in a fast-growing number of application scenarios, which will be further accelerated with the development of AGI technology. With the rapid evolution of large language models, the exponential growth of computing power and data and the surge of application scenarios, AI, particularly AGI, is expected to fundamentally alter the way we interact with the world. The emergence of AGI solutions is transforming both the demand and supply ends across industry verticals, where frontier technologies are driving market growth. According to Frost & Sullivan, China's AI solutions market is expected to grow from RMB180.4 billion in 2024 to RMB1,174.9 billion in 2030, with a CAGR of 36.7%. We believe that AI will play a critical role in the following industries, among others:

- **AI Solution in IoT:** According to Frost & Sullivan, the number of IoT devices in China was 1.8 billion in 2022, presenting significant opportunities for AI-empowered enhancement. The market of the AI Solution in IoT industry is expected to grow from RMB71.0 billion in 2024 to RMB546.1 billion in 2030, with a CAGR of 40.5%. Daily Life, encompassing AI solutions for residential, commercial space, hospitality and transportation, represents the largest section in AI Solution in IoT.
- **AI Service and Solution in Healthcare:** China's healthcare industry has largely completed its initial digital transformation, laying the foundation for AI innovation. As of December 31, 2021, there were 36,507 hospitals in China, presenting significant potential demands for intelligent upgrade. According to Frost & Sullivan, the AI Service and Solution in healthcare market size is expected to grow from RMB9.9 billion in 2024 to RMB146.5 billion in 2030, with a CAGR of 56.6%. AI in Healthcare Service and Treatment, encompassing AI solutions for hospital and medical institutions, represents the largest section in AI Service and Solution in healthcare.

Our Go-to-Market Strategy

We collaborate with leaders in the AI Solution in Daily Life and AI Service and Solution in Healthcare industries, where we develop AI solutions and gain invaluable industry insights. We have robust partnerships with industry leaders and secured future project collaborations. Leveraging the know-how, experience and market recognition acquired from our lighthouse projects and the high scalability of our AI solutions, we introduce our solutions to other customers in the same industry and to other industries with similar pain points and needs. This go-to-market strategy allows us to continuously enhance the level of engagement of our key customers with constantly improved offerings and grow our customer base. During the Track Record Period, our customers increased from 538 in 2022 to 555 in 2023 and further increased to 576 in 2024, primarily as a result of the increase in the wide variety of AI solutions and products we offered and the increase in their applicable industries, as well as the increased demand for intelligent medical solutions along with the intelligence upgrade of internal systems among hospitals.

Financial Overview

During the Track Record Period, our revenue was primarily derived from the sales of products and solutions. Our revenue increased from RMB600.6 million in 2022, to RMB939.0 million in 2024,

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with a CAGR of 25.0%; our gross profit increase, from RMB239.9 million in 2022 to RMB364.5 million in 2024, with a CAGR of 23.3%; our net losses in 2022, 2023 and 2024 were RMB375.4 million, RMB376.2 million and RMB454.2 million, respectively; and after adding back share-based payment expenses, finance cost of interest on redemption liabilities and listing expenses, our adjusted net losses (non-IFRS financial measure) for 2022, 2023 and 2024 were RMB183.2 million, RMB136.6 million and RMB168.4 million, respectively.

OUR STRENGTHS

Early entrant in AGI Technologies

Since our inception, we have explored the AI technological innovation and led the progress of commercial application of AI technologies in China. We consistently ranked as the fourth largest AI solution provider by revenue with a market share of 0.6% in China in each year of the Track Record Period

Deep Learning Algorithms Evolution: Keeping abreast of the advancement of deep learning algorithms, such as DNN and CNN, we incorporate frontier technologies in our innovative products and solutions, and led the commercialization endeavors. We were one of the first in Asia to (i) apply deep neural network algorithms to speech recognition products; and (ii) release a commercial cloud-based speech recognition engine based on deep learning, according to Frost & Sullivan. In 2012, we commenced the commercial application of deep learning technology, assisting Sogou, a leading Internet search engine provider in China, in launching its voice assistant. In 2016, we launched the voice electronic medical records service at Peking Union Medical College Hospital. The performance of our deep learning algorithms was also recognized in prominent awards, including:

- 2017 AWE (Appliance & Electronics World Expo) Best Component Award;
- 2020 Blizzard Challenge International Speech Synthesis Competition, where we ranked first place in several indicators for Mandarin and Shanghaiese with proprietary end-to-end speech synthesis technology;
- 2021 INTERSPEECH, second place in both Deep Noise Suppression and Acoustic Echo Cancellation Challenge; and
- 2023 VoxCeleb Speaker Recognition Challenge, first place in Track 1.

AI Infrastructure and Path towards AGI: Since 2016, we have built an AI technology system for large-scale commercial applications, including the Atlas AI infrastructure platform which supports the growing scale of AI model training and optimization, and knowledge graph platform which focuses on the industry enhancement of AI models, equipping them with knowledge in specialized areas. Soon after the breakthroughs of Transformer in 2017 and BERT in 2018, leveraging our R&D expertise in conversational AI and market insights gained since our inception in 2012, we launched our first BERT-based large language model, UniCore, and related AI solutions for customers across a wide range of industry verticals. In early 2019, we upgraded BERT to enhance its cognitive capabilities and adopted those in, among others, our medical knowledge graph for medical record quality control products. The evolution of our AI models enabled us to expand the application of AI solutions, and marked our transition from offering single product solution to industry-wide solutions. Our technological strengths continued to excel, receiving major awards including:

- 2019 Beijing Science and Technology Progress Award, First Prize (北京市科學技術進步獎一等獎);

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- 2020 National Knowledge Graph and Semantic Computing Conference (全國知識圖譜與語義計算大會(CCKS)), Champion of the “Medical Named Entity Recognition Evaluation Task for Chinese Electronic Medical Records” (面向中文電子病歷的醫療命名實體識別評測任務) and won the only technology innovation award;
- 2022 Association for the Advancement of Artificial Intelligence (AAAI) conference, first place in both Acronym Extraction and Acronym Disambiguation tasks;
- 2022 Chinese Biomedical Language Understanding Evaluation (CBLUE) Championship;
- 2023 CCKS 2023 — PromptCBLUE (Chinese Medical General Large Language Model Evaluation) Championship;
- 2024 Edge Scene Multimodal Intelligent Analysis and Chip Key Technology and Application Technological Progress Award (邊緣場景多模態智慧分析與晶片關鍵技術及應用科技進步獎) held by Fujian Provincial People’s Government, first place;
- 2024 National Smart Medical Insurance Competition (2024 全國智慧醫保大賽), first prize;

In 2022, leveraging Atlas AI infrastructure and solid Transformer algorithm technological foundation, we began to explore innovative applications of generative pre-trained large language models. In May 2023, we released our proprietary Generative Pre-trained Transformer, UniGPT, with significantly enhanced capabilities from UniCore, and adopted it in Healthcare and Daily Life products, marking a major advancement in AI large language model commercialization. In June 2024, UniGPT ranked first in the MedBench Evaluation, with an overall score of 82.2. Furthermore, it was recognized in the 2024 SuperCLUE Semi-Annual Report as a global top-tier large language model. With an overall score of 72, it ranked first in terms of STEM-related capabilities and second in terms of humanities-related capabilities in China. These accomplishments demonstrate UniGPT’s competitive edge and leadership in advancing AI large language models on both a national and global scale.

R&D and Productization Capabilities Powered by Solid Infrastructure

One of the key factors that distinguishes us from peers is our Atlas AI infrastructure. This AI infrastructure performs (i) the dynamic dispatch of computing power resources based on shifting business demands; (ii) the initial training of large language models based on massive volume of data; and (iii) efficient optimization guided by selected high-quality user feedback. Robust AI infrastructure supports the constant advancement of UniBrain, helping us keep up with technological advancement and deliver innovative AI solutions with strong performance.

UniBrain has strong capabilities in processing natural language and general knowledge, which enable it to address the mainstream demands across industries. UniBrain improves the efficiency of the development process from the base model to the actual product, underpinning the efficiency of our development and the adaptability of our products. Its approach differs from the traditional “workshop-style” manual crafting of AI end products, and helps us further increase R&D efficiency and shortens the time to market of our technologies. Since 2023, powered by UniGPT, we expect our R&D and productization efficiency to be further enhanced. UniBrain provides AI capabilities and solutions based on AI models through various software and hardware delivery modes. It supports rapid adaptation and customization, allowing our customers to set up AI firmware for devices such as air conditioners and smoke ventilators within 30 minutes using the developer platform for our AI chips. Our solutions penetrated nine new industry verticals since 2020, including urban rail transit and commercial medical insurance management.

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With Atlas AI infrastructure and UniBrain, we have independently trained AI large language models under Transformer algorithm framework, and developed innovative AI products and solutions with significant R&D efficiency. Our seasoned R&D engineers have a proven record in constantly delivering top-notch R&D results.

Extensive and In-depth Collaboration Underpinning Commercialization Success

With advanced AI technology and R&D capabilities, we have successfully penetrated a broad range of industries, engaging with their leading companies, who we term as “lighthouse customers,” such as Gree in home appliances, Ping An Technology in health and elderly care, Peking Union Medical College Hospital in medical service and PICC in medical insurance.

Through collaboration with lighthouse customers, we gained extensive exposure to a wide spectrum of application scenarios within their industry verticals. These include both highly frequent, representative scenarios, and fragmented long-tail scenarios. Though each of the long-tail scenarios individually occurs less frequently, collectively, they account for a significant portion of all scenarios. This exposure gives us invaluable insights into each industry, enabling us to quickly identify common needs, develop targeted solutions and expedite their deployment.

With market knowledge gained from years of experience in commercializing AI products and solutions, we have strategically focused on the AI solution in Daily Life and AI service and solution in healthcare industries, both of which offer proven market potential. In 2016, we entered the AI in home vertical in cooperation with Gree. In the same year, we worked with Peking Union Medical College Hospital to launch voice-based electronic medical record solutions for hospitals. As of December 31, 2024, our AI solutions have been adopted in a broad range of industry verticals including medical, residential, commercial space, hospitality and transportation. According to Frost & Sullivan, we remained the fourth largest AI solution provider by revenue in China in each year of the Track Record Period, yet recording a high growth rate among those with annual revenues over RMB500 million. While the market size of AI solution in China increased by 33.1% from RMB135.5 billion in 2023 to RMB180.4 billion in 2024, our revenue increased by 29.1% from RMB727.3 million in 2023 to RMB939.0 million in 2024. In 2024, we ranked third by revenue in AI Solution in Daily Life and fourth in AI Service and Solution in Healthcare in China.

In 2024, we served 576 customers. Our commercialization success is evidenced by solid financial performance. In 2024, our revenue reached RMB939.0 million, a year-on-year increase of 29.1%, and the CAGR of our revenue from 2022 to 2024 reached 25.0%.

Feedback Loop Continuously Driving Technology and Product Advancement

Guided by massive data from real world scenarios and continuous user feedback, our AI models perform highly-automated self-reinforcement with increasing efficiency, propelling the continual iterations of our AI technologies. High-quality and massive data enable us to unleash the full strengths of cutting-edge models. For example, the accuracy of AI semantic understanding improved from 88.04% by pre-BERT deep learning models in 2018 to 91.02% by UniCore in 2019, and further to 96.07% by UniGPT in 2023. Such technological advancement, among others, allow us to extend the capabilities of our AI solutions from perception to comprehension, response and generation.

The advancement of our AI technologies allows us to expand the application of our AI solutions, constantly tapping into new industry verticals and application scenarios with stronger and more sophisticated solutions. Fragmented market demands pose significant difficulties for AI solution

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providers. Frequently, when faced with demands from new application scenarios, it becomes impractical to repurpose existing AI solutions due to their specific and static design, leading to considerable resource investment in customizing or even entirely redesigning AI solutions. With UniBrian's universality, adaptability and efficiency, and facilitated by the feedback loop, we are able to constantly optimize our AI models and products efficiently.

Our continuously optimized products have strong performance and cost-effectiveness, accurately addressing customer demands, gaining significant market popularity. As of the Latest Practicable Date, (i) our IoT products were applied to tens of millions of devices, across various verticals such as residential, commercial space, hospitality and transportation, accumulating know-how and experience; and (ii) our Healthcare product, medical professional knowledge graph, housed 253 million concepts, 495 million terms and 984 million relationships.

Experienced Management Team and Core Personnel

We were founded by Dr. Huang, our CEO, Dr. Liang, our Chairman and CTO and Dr. Kang, head of our IoT department, who were later joined by Dr. Li Xiaohan, head of our R&D department. These leaders have rich experience in AI R&D and industrialization, led our endeavors in pioneering the commercial application of deep learning algorithm, and strategically selected our R&D and marketing focuses. Mr. Xie Guanchao and Mr. Chen Jisheng later joined the management team, both of whom have ample experience in technology R&D and project management at well-known companies both domestically and abroad. They currently head our Healthcare department and innovative business department, respectively. The combination of academic and industrial backgrounds endows our management with profound strategic vision in AI technology and market, and extensive industry connections.

Under the leadership of our management, we have amassed a team of AI professionals as our core technology officers, with profound industry experience gained at well-known international enterprises such as IBM, Motorola, Microsoft and Nuance, holding Ph.D. or Master's degrees from top universities in China and abroad, such as University of Science and Technology of China, Chinese Academy of Sciences, Peking University, Tsinghua University and UIUC.

OUR STRATEGIES

Enhancing AI Infrastructure and Models

Our leading AI infrastructure and large language models form the foundation and driving force of our rapid growth.

We plan to enhance Atlas AI infrastructure by (i) expanding the computing power of the intelligent computing clusters to support the evolution of existing large language models and the training of future models; (ii) keeping abreast with the evolution of fundamental machine learning algorithms, with a view to further advancing our technology system.

We plan to continue upgrading our UniBrain to enhance our AI development capabilities. We intend to roll out more powerful large language models and improve their efficiency by (i) building large language models with larger parameter scales, trained and optimized by data with higher quality, enhanced by a broader spectrum of plug-ins and AI components; (ii) training and optimizing proprietary multimodal large language models that can directly process inputs such as images, voice and text, making it easier to launch new AI solutions targeted at multimodal scenarios in the future;

meanwhile, we plan to explore technologies and applications such as event detection, emotion recognition and multimodal perception. In the field of generation, we aim to enrich vocal styles supported by our large language models, enhance personalized and emotional synthesis and continue to improve voice-image fusion multimodal synthesis technologies, transitioning from “information transmission” to “creative assistance.”

Attracting and Nurturing AI Talents

Our success is deeply rooted in our cutting-edge technologies which are forged by our frontline R&D talents.

We intend to strengthen our cooperation with top tier universities and research institutions. Through collaborations in joint R&D, experimental course design, competitions and internships, we aim to identify suitable talents and initiate preliminary contact during such collaborations.

While expanding the team, we also plan to maintain and refine our comprehensive training and development program for our talents. We are committed to providing first-class AI infrastructure and growth support for top talents to boost the efficiency of their R&D efforts. We focus on training our AI talents to be industry-oriented, capable of optimizing the application of AI solutions. With a solid understanding of the foundational AI technologies, they are expected to acquire insight into various industries and customer needs through practice, and contribute to the development of new or better solutions through continuous innovation. With our systematic training plan, we endeavor to ensure that our talents can focus on innovation and honing general capabilities across modules, rather than getting embroiled in trivial supporting tasks under a project-based approach. We plan to cultivate a research and application force who excel in technology and product R&D and can serve as the mainstay of our team in the retaining and succession of know-how, experience and culture.

Expanding Application Scenarios and Industry Verticals

As AI continues to transform the way we work, communicate and interact with the world, we see emerging opportunities for AI application in numerous scenarios across all industries. Even in the industries already penetrated by our AI solutions, there remain significant needs for intelligent upgrade that are not yet addressed. Meanwhile, there are a wide range of industry verticals that have not been penetrated by AI solutions. Our industry insight and reputation built through the collaboration with lighthouse customers can help us attract more users and accelerate commercialization in the penetrated industries:

- **Delving Deeper into the Needs of Penetrated Industries:** We have solid and highly interactive cooperation with users through high-quality solutions and services. Leveraging existing industry relationships and empowered by UniGPT, we plan to expand the reach of our AI solutions to cover more application scenarios, identifying and addressing demands yet untapped by AI solutions. For example, expanding from medical service to medical insurance and then to medical regulation.
- **Translating Success Experience to Mid-long Tail Customers:** In many penetrated industries, we have robust relationships with lighthouse customers. We acquire valuable know-how, experience and industry insights in the collaboration with lighthouse customers. We expect to continue to translate success experiences to mid-long tail customers in the industry, offering them efficient and highly standardized solutions addressing common needs and representative scenarios in the industry, and are quick-to-deploy on demand.

BUSINESS

- **Expansion of Industry Coverage:** Leveraging our understanding of Daily Life and Healthcare, we have successfully expanded into the health and wellness verticals. We plan to strengthen our capabilities and look for expansion opportunities in related fields. With UniBrain’s universality, we expect our penetration of new industry verticals to be more streamlined and efficient.

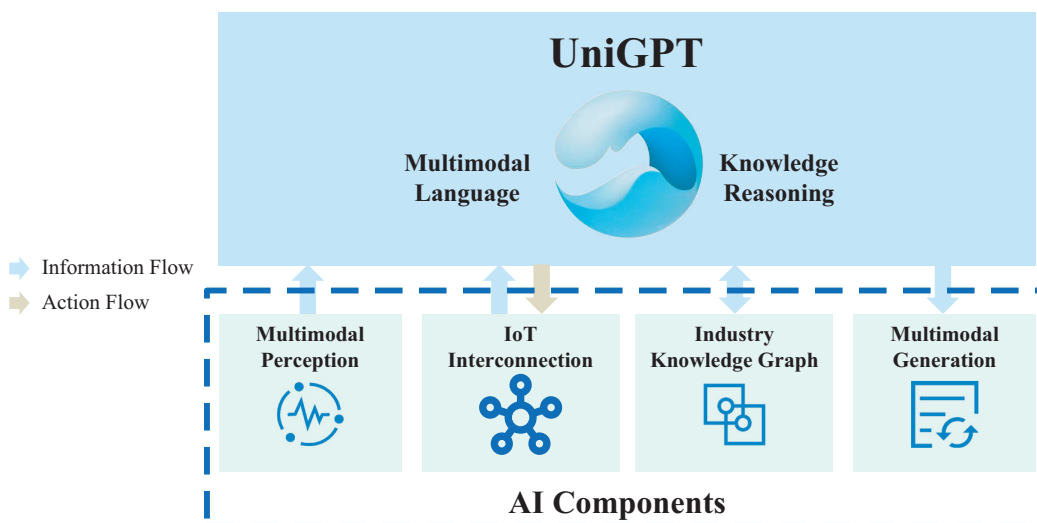
Expanding Internationally

UniGPT’s ability to adapt to multiple languages is conducive to our international expansion. User feedback obtained through the interactions with users from different locations provides us with targeted enhancement to UniGPT’s multi-lingual capabilities.

As UniGPT starts to offer support in more languages, we will have strengthened capabilities in international operations. On the one hand, UniGPT with multi-lingual capabilities can help us address domestic customers’ needs in their international expansion. On the other hand, by cooperating with overseas partners and building overseas distribution channels, we expect to tap into overseas market with solutions that have been verified in the China market, with a view to empowering the intelligent transformation on a global scale. We plan to focus on overseas markets where there is robust digital infrastructure and high demand for AI solutions. Meanwhile, we are mindful of potential geopolitical uncertainties and international trade policies. For details, see “Risk Factors — Risks Related to Our Industry and Business — We might be subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, results of operations, financial conditions and prospects could be adversely affected.”

UNIBRAIN

We have developed UniBrain, our proprietary central technology platform providing support for our solutions and products, which comprises the general large language model UniGPT and AI components. UniBrain possesses one-stop capabilities in perception, comprehension and response. It integrates (i) multimodal AI capabilities with conversational AI at the core, (ii) industry-scale knowledge graphs developed based on industry insights and expertise amassed through years of practice, and (iii) one-stop IoT interconnection system empowering IoT devices. The below diagram summarizes the interaction between UniGPT and our AI components:



UniGPT

In early 2019, we launched our first large language model, UniCore, which was built through unsupervised pre-train, with hundreds of millions of parameters. It functioned as the initial core algorithm model of UniBrain. Through pre-training with large quantity of language materials and instruction fine-tuning for industry-specific tasks, it significantly enhanced our products' capabilities in semantic understanding, answer selection and information extraction, and therefore became the technology core of our products and solutions.

Building on the evolution and advancement of UniCore in the past years, we launched UniGPT in 2023. Trained with a larger scale of text and code data, UniGPT possesses powerful general language, knowledge, reasoning and few-shot learning capabilities. Compared to UniCore, UniGPT has the following major improvements:

- (i) *Advanced Framework*: UniGPT adopts an end-to-end generative AI framework, enabling seamless contextual dialog and open-ended Q&A. It handles the entire process, from input to output, without relying on multiple specialized modules, making it more flexible and adaptable to various tasks.
- (ii) *Greater Scale*: With a parameter and training scale over 100 times larger than UniCore, UniGPT delivers significantly superior performance.
- (iii) *Enhanced Learning*: UniGPT supports chain-of-thought and few-shot learning, which allows it to learn from minimal examples without needing extensive retraining.

Below are examples that demonstrate how UniGPT enhances overall operational efficiency:

- (i) *Intent Recognition*: UniGPT reduces the manual workload for writing training data from 300 entries per intent to just 15, automating the creation of the remaining 285 entries. This results in a 95% reduction in manual work, improving efficiency while ensuring data quality and consistency. This in turn enhances the performance and accuracy of machine learning models.
- (ii) *Information Extraction*: Compared to older models, UniGPT requires 89.5% less training data to achieve the same results. This makes the entire process more efficient, reducing the resources and time needed for data collection and preparation.
- (iii) *Semantic Understanding*: With UniGPT, only one model is needed to support a solution compared to four models required with BERT. This streamlines operations, improves efficiency and reduces computational requirements, making UniGPT a more effective and resource-efficient solution.

We further optimize UniGPT through instruction fine-tuning and reinforcement learning from human feedback to develop its capabilities of language generation, semantic understanding, knowledge Q&A, logical reasoning, mathematical calculation and code generation which are in compliance with safety rules, with the ultimate goal of realizing human-like AGI. For specific industry such as the medical field, by incremental training with high-quality medical textbooks, clinical guidelines and medical record, UniGPT significantly improves its knowledge and capabilities to solve professional problems, passing the US Medical Licensing Examination with an accuracy of 87.1 on the MedQA dataset, exceeding that achieved by GPT-4, according to Frost & Sullivan. The following screenshots illustrate the core capabilities of UniGPT:

Language Generation



Note:

The above dialog translates to:

“If I am about to take up the position of director of the ophthalmology department of the hospital, please write an inauguration speech for me.”

“Dear colleagues, family and friends:

First of all, I would like to express my most sincere gratitude to you all! Because it is your recognition and support for my achievements that I can stand here today to deliver my inauguration speech.

It has been more than a decade since I entered the medical field, and each period has given me many valuable opportunities to improve myself and serve more people who need attention. And now, I am very fortunate to have been chosen to take over the management of ophthalmology department.

BUSINESS

I am fully aware of the significance of this transformation and the challenges ahead. Yet it is precisely these challenges that have made me more excited and motivated. I believe that as long as all of us work together, with professional skills and good attitudes as cornerstone, and in combination with innovative ideas and practical approaches, we will achieve gratifying results.

In addition, I would like to highlight that our goal is not only to treat eye problems per se, but also to guide the public at large to maintain healthy vision and reduce blindness rates through health education and other means. Hopefully, in the future we will be able to carry out more charity activities to give back to the community.

Finally, I would like to say that, wherever and whenever we are, we must always keep patients in mind and take their interests as the fundamental starting point, and make sure that they receive the best medical services. I sincerely hope that we can build a better future together and embrace more challenges and opportunities.”

Semantic Understanding



Note:

The above dialog translates to:

“‘The weather tomorrow is so good’ and ‘The weather tomorrow is not bad,’ which expresses stronger emotions?”

“‘The weather tomorrow is so good’ has stronger emotion, as ‘so’ means very and ‘not bad’ only means quite good and does not have such strong emotions.”

Knowledge Q&A



Note:

The above dialog translates to:

“The line of an ancient poetry “The reflection of the pavilion and terrace enters the pond” insinuates the reflection or refraction of light?”

“This line of ancient poetry reflects the phenomenon of light reflection. The term “reflection” refers to the image of an object reflected by a medium parallel to the surface, such as water, rather than being refracted through the medium.”

Logical Reasoning



Note:

The above dialog translates to:

“Xiao Ming has two brothers, the elder one is called Wang Da (the eldest) and the second brother is called Wang Er (the second), so what is the surname of Xiao Ming?”

“The surname of Xiao Ming is Wang. As Xiao Ming has two brothers, Wang Da and Wang Er. In Chinese culture, brothers usually have the same surname, so it can be deduced that the surname of Xiao Ming is Wang.”

Mathematical Calculation



Note:

The above dialog translates to:

“There are chickens and rabbits in the same cage. There are 35 heads above the cage and 94 feet below the cage. How many chickens and rabbits are there?”

“Assuming the number of chickens is x and the number of rabbits is y , the question can be converted to the following formula: $x + y = 35$

$$2x + 4y = 94$$

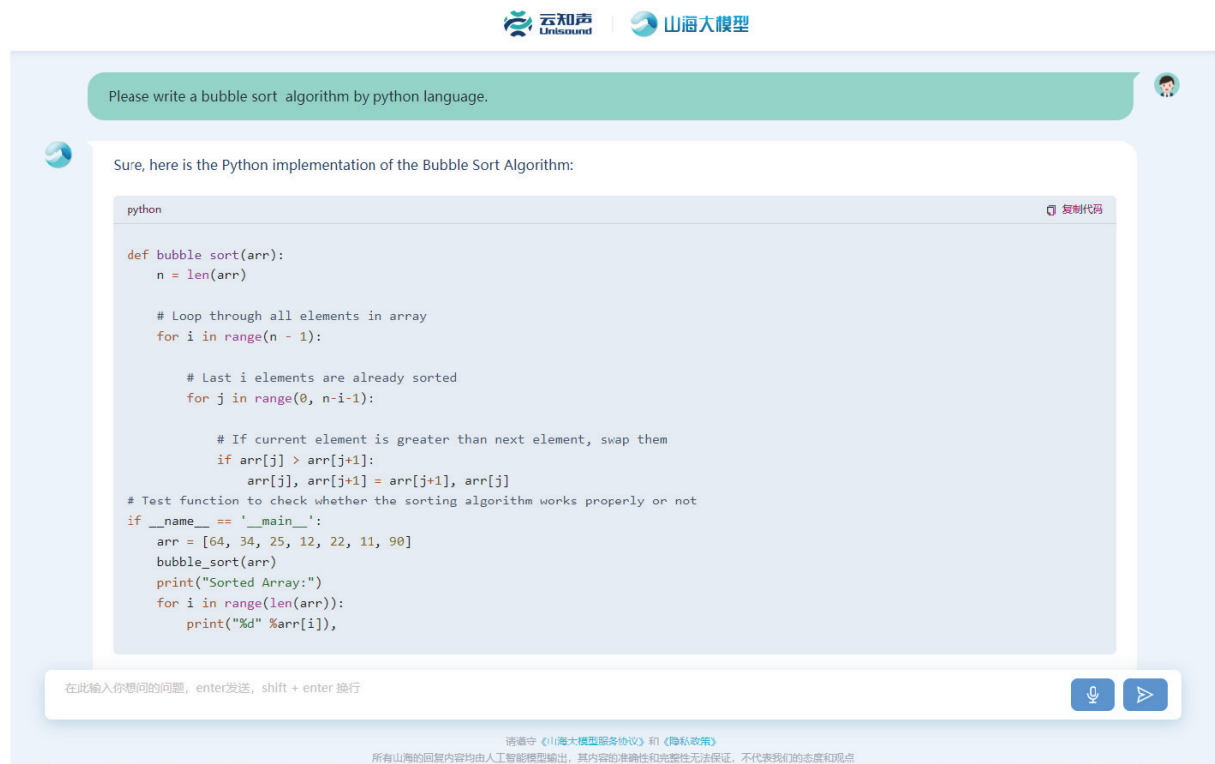
Solving the equations yields:

$$y = 12$$

$$x = 23$$

Therefore, the number of chickens is 23 and the number of rabbits is 12.”

Code Generation



On top of its general-purpose capabilities, UniGPT can be optimized through plug-in extension, industry enhancement and customization, which substantially enhances its expertise in industry verticals such as Daily Life and Healthcare:

- **Plug-in Extension:** UniGPT enables real-time information retrieval and industry-scale knowledge graph capabilities through plug-ins, providing professional information and knowledge consolidation, fully utilizing the comprehension and generation capabilities of large language models and reducing the outdated or incorrect information results. If necessary, UniGPT can call external APIs to improve its overall problem-solving capabilities, effectively integrating external information, knowledge and standard tools.
- **Industry Enhancement:** Through incremental training using domain text corpus and instruction fine-tuning, UniGPT equips itself with cross-domain language and knowledge which enhances its industry-specific knowledge and skills, improving its capabilities to solve professional problems.
- **Customization:** With customer information and knowledge, UniGPT can further enhance its capabilities to solve specific issues of such customer and meet customer demand for customization through its information and knowledge consolidation capabilities input.

UniGPT, with its upgrade of cognitive architecture, has enhanced the MaaS-based business model. Before UniGPT, to develop a novel AI solution in the era of “workshop-style” manual crafting of AI end products, it was necessary to design and complete the training processes based on relevant business logics, and call relevant intelligent components such as recognition, comprehension and generation when necessary, supplemented by testing and optimization. Such processes typically require significant human inputs. Moreover, the training processes typically need to be re-developed whenever

there is adjustment or expansion of business. Leveraging its universality, UniGPT helps us significantly reduce the amount of data and human inputs needed for model fine-tuning in the development of new solutions, which differs our AI products and solutions from the traditional “workshop-style” manual crafting of AI end products and has significantly improved the efficiency.

AI Components

UniBrain comprises a wide array of AI components: (i) multimodal perception and generation capabilities supporting conversational AI and other interactions, serving as the foundational AI support for UniGPT’s interaction with application scenarios; (ii) industry-scale knowledge graphs, covering industries such as Daily Life and healthcare, with expansibility into more verticals, enhancing the professional expertise of UniGPT; and (iii) one-stop IoT interconnection system, facilitating the uniform management and interaction of all IoT devices within a closed-loop system.

Multimodal Perception and Generation

UniGPT’s perception and generation strengths can be enhanced by the multimodal capabilities from AI components, enabling it to deliver strong performance in interaction, reasoning and decision-making in a broader realm of real-life scenarios.

- **Multimodal Perception:** Through technologies including signal noise reduction, voice wake-up, speech recognition, voiceprint recognition, facial recognition, OCR and pronunciation assessment, UniBrain can achieve multimodal perception capabilities under multi-scenarios and complex environment.
- **Multimodal Generation:** Through technologies such as text-to-speech synthesis (TTS) and audio-visual synthesis (AVS), responses generated by UniGPT can be automatically converted to high-quality natural voice and visual signals, achieving personalized responses with human-like emotions.

Industry-scale Knowledge Graphs

We have developed industry-scale knowledge graphs facilitating highly efficient and seamless interaction of industry-specific professional information. Our industry-scale knowledge graphs are built with natural language processing and knowledge graph technologies, providing visualized knowledge graph construction and management functions through standardized development kits for relevant services and applications. Through industry insights and expertise across industries, we can tap into new industries and develop relevant knowledge graphs with increasing efficiency. For example, as of the Latest Practicable Date, we had accumulated 253 million concepts, 495 million terms and 984 million relationships in our healthcare knowledge graph platform.

Our industry-scale knowledge graphs offer the following major functions:

- **Knowledge Management:** Effectively organizing and managing documents covering industry knowledge, standards and laws and regulations, providing services including semantic search, document recommendation and Q&A to improve working efficiency of users.
- **Quality Management:** Based on industry-scale knowledge graphs and standards and norms, conducting compliance check, verification and quality control of business data,

improving service quality and evaluation efficiency, and providing feedback to improve service standards.

- **Decision-making Assistance:** Based on industry-scale knowledge graphs and industry-specific information, providing analysis assistance and decision-making support, improving manual decision-making quality and efficiency.

One-stop IoT Interconnection System

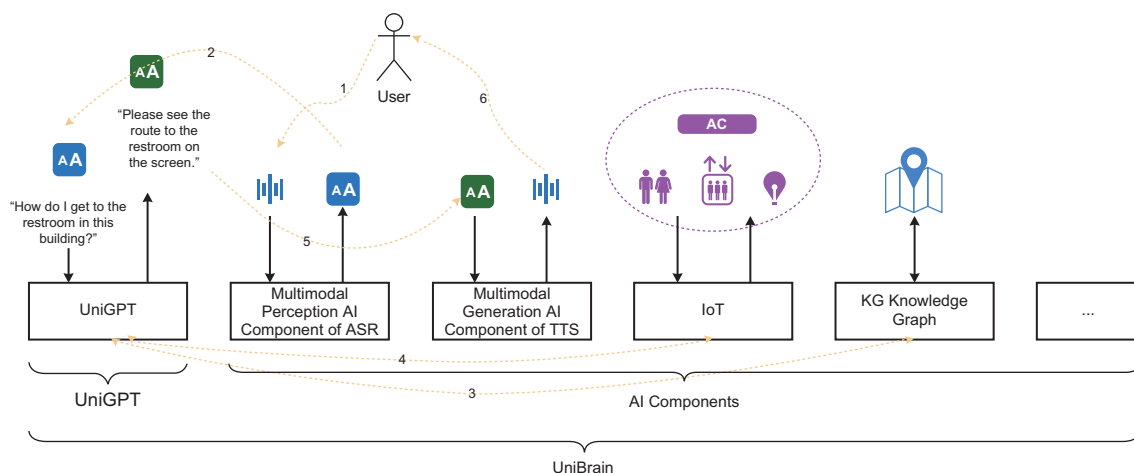
With the prevalence of IoT devices, the AI digitalization era witnessed a surge of unstructured data. To tackle the challenges posted by vast amount of fragmented and unstructured data from separately connected individual devices, we have built our one-stop IoT interconnection system where all the relevant spaces, devices, users and services are interconnected for specific application scenarios to redefine the organic interactions among people, events and objects. Through such interconnection, fragmented data are streamlined and organized, enabling UniGPT to harness the value of structured information inherent therein.

Our IoT interconnection system connects objects and delivers instructions by users through a three-layered structure of “perception-processing-output”:

- **Perception:** Our IoT interconnection system is accessible by cloud, edge and end devices, and supports collaborative computing of information across all such devices.
- **Processing:** With the support of our AI capabilities and through the processing by AI engines, our IoT interconnection system streamlines and organizes unstructured data for processing, analysis and decision-making by the UniBrain and effectively harnesses the value of structured information.
- **Output:** With the support of our industry-scale knowledge graphs, our IoT interconnection system can provide systematic professional-level information outputs.

See “– Our Core AI Technologies.”

The following is an example to demonstrate how the various components within UniBrain collaborate.



BUSINESS

A user is looking for a restroom in a building and speaks to a interactive station equipped with our intelligent sound recognition and voice dialog modules for directions. Here is how the process unfolds:

1. The user asks the robot, “How do I get to the restroom in this building?” The user’s voice is first transmitted to UniBrain. UniBrain employs the Automatic Speech Recognition (ASR) component, which is one of the AI components, to transcribe the user’s voice into text for the next steps.
2. The text is relayed to UniGPT. UniGPT interprets the user’s question. If the question pertains to public knowledge, such as “What is the highest mountain?”, UniGPT can directly formulate a response, organize the language in the form of text, and forward the text to the Text-to-Speech (TTS) component, which is another AI component. The TTS then converts the text into natural human speech and broadcasts it via the interactive station. However, if the question concerns building-specific, non-public information, UniGPT requires the assistance of other AI components to generate a response.
3. In this case, UniGPT invokes the Knowledge Graph component, a dynamic knowledge base maintained by the building’s operations team, which contains information about the building’s layout, to determine the location of the restroom closest to the user.
4. UniGPT further engages the IoT component. This component, akin to the building’s nerve endings, interfaces with various IoT devices in the building. It monitors the status of each device to ascertain the current status of the restroom closest to the user. If the restroom is “occupied,” alternative restroom locations are prepared based on the information provided by the Knowledge Graph.
5. UniGPT consolidates this information and automatically crafts a language expression in the form of text such as “Please see the route to the restroom on the screen,” then forwards this text to the TTS component, which converts the text into natural human speech and broadcasts it via the interactive station. At the same time, the floor plan with the direction is displayed on the screen of the interactive station.

OUR OFFERINGS

Our products and solutions are based on UniBrain, our central technology platform comprising our proprietary large language model UniGPT, which functions as its core algorithm model, and a wide array of AI components.

We integrate various delivery and deployment methods such as chips, edge-side SDKs and public and private cloud deployment. We offer a broad range of AI solutions and products for Daily Life and healthcare scenarios.

Through our development of AI capabilities and long-term exploration of business opportunities, we have selected Daily Life and healthcare as our primary targeted markets. According to Frost & Sullivan, the industry verticals of AI are primarily classified by application scenarios and related data utilization, and our offerings are segmented into Daily Life, which primarily offers residential, commercial space, hospitality and transportation support under Daily Life scenarios, and Healthcare, which primarily offers AI-empowered business system support under professional medical scenarios. Leveraging UniBrain, we have developed a full spectrum of offerings and provide diversified products and solutions with swift and cost-efficient customization.

BUSINESS

We package our AI capabilities into standardized software and hardware products and solutions for customers or users in various application scenarios and industry verticals through UniBrain.

For example, our AI chip product, which embeds our conversational AI engine into self-developed or third-party chip hardware, offers customers highly customizable user interface. This process is empowered by UniBrain, which makes accessible certain AI capabilities to the customers to assist its development and customization. Our customers, who are primarily downstream solution providers in various daily life scenarios, can therefore customize our chip product by designing a user interface that is compatible with its intended use cases. We provide edge-side SDKs such as voice wakeup, speech recognition and TTS engines for home appliances, and noise reduction, speech recognition and TTS engines for in-vehicle voice interaction. We also package our AI capabilities such as speech recognition capabilities and pronunciation assessment capabilities into standardized and customizable products through UniBrain and serve downstream solution providers or brands through cloud services.

Through our flexible delivery and deployment methods, we have significantly reduced the implementation cost of our AI services and achieved large-scale shipments and a considerable market share. We have started to offer and plan to expand MaaS-based products and solutions.

The following table sets out a breakdown of our revenue by streams and the offering types thereunder for the years indicated:

	For the year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Daily Life	486,682	81.0	578,729	79.6	739,830	78.8
Solutions	393,197	65.5	475,230	65.3	622,534	66.3
Products	93,485	15.5	103,499	14.3	117,296	12.5
Healthcare	113,452	18.9	148,245	20.4	199,180	21.2
Others⁽¹⁾	485	0.1	342	0.0	7	0.0
Total	600,619	100.0	727,316	100.0	939,017	100.0

Note:

(1) Others primarily consist of revenue from leasing office premises and sales of certain electronic devices.

The following table sets forth the details of our top five projects in terms of revenue contribution in each year during the Track Record Period:

Top Five Projects in 2022	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration (Year)	Contract Sum (tax included) (RMB in thousands)	Percentage of Completion		Recognized Revenue (tax exclusive)		Backlog Contract Value ⁽¹⁾	
									Year ended December 31,		Year ended December 31,		As of December 31,	
									2022	2023	2023	2024	2022	2023
Project A	Daily Life	System integrator/agent	Customer A ⁽²⁾	A provider of comprehensive urban rail solutions primarily engaging in general construction, system development and integration services and urban rail transit equipment manufacturing. Its business has extended to over twenty provinces and municipalities and over fifty cities in the PRC, and also to overseas customers.	Transportation Solution	By integrating our proprietary IoT platform and full-stack AI capabilities—including speech-to-text, facial recognition and behavior analysis—we connect terminal devices located at different stations to a unified IoT platform. Leveraging AI for image analysis and voice coordination, we provide an integrated hardware and software solution tailored for smart railway station scenarios.	2022-2022	26,864.0	100.0	—	—	—	—	—
									(RMB in thousands)		(RMB in thousands)		(RMB in thousands)	
									2022-2022		23,978.0		—	
Project B (phase I)	Daily Life	Enterprise customer	Suzhou Chongtian Intelligent Engineering Co., Ltd. ⁽³⁾	A company specializes in intelligent space transformation and digital new infrastructure, providing solution consulting, planning and design, equipment provision, construction management, system integration, and operation services. It is a subsidiary of Shimao Group Holdings Limited.	Residential Solution	By combining our full-stack AI capabilities—including speech recognition, natural language understanding, facial recognition, speech synthesis and specific behavior analysis—with IoT devices such as in-home voice-controlled smart screens, elevator control systems and access gates in public areas, we enable seamless connectivity. This allows property owners to experience a fully unified journey from entering the community to arriving at their home.	2022-2027	17,319.9	94.1	1.2	1.2	14,423.1	183.9	904.3
													720.4	
													536.5	

BUSINESS

Top Five Projects in 2022	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration (Year)	Contract Sum (tax included) (RMB in thousands)	Percentage of Completion			Recognized Revenue (tax exclusive)			Backlog Contract Value ⁽¹⁾		
									Year ended December 31,			Year ended December 31,			As of December 31,		
									2022	2023	2024	2022	2023	2024	2022	2023	2024
									(RMB in thousands)								
Project C . . .	Daily Life	System integrator/agent	Customer B ⁽²⁾	A leading software and information technology service company that provides information technology products and intelligent solutions for governments, enterprises, and various institutions.	Commercial Space Solution	By integrating our full-stack AI capabilities—including speech recognition, natural language understanding, facial recognition, speech synthesis and specific behavior analysis—with IoT devices such as multimodal interactive screens, voice remotes, elevator controls, facial recognition pads, parking access equipment and energy monitoring devices, we enhance business park management. Using digital twin technology and a self-developed low-code work order system, we enable management teams to deliver visualized services to tenants and efficiently manage their service teams, enhancing overall operational efficiency.	2022-2027	15,122.1	94.4	1.2	1.2	13,436.3	170.8	170.8	797.1	626.3	455.5
												(RMB in thousands)			(RMB in thousands)		
Project D . . .	Daily Life	System integrator/agent	Customer A ⁽²⁾	A provider of comprehensive urban rail solutions primarily engaging in general construction, system development and integration services and urban rail transit equipment manufacturing. Its business has extended to over twenty provinces and municipalities and over fifty cities in the PRC, and also to overseas customers.	Transportation Solution	By integrating our proprietary IoT platform and full-stack AI capabilities—including speech-to-text, facial recognition and behavior analysis—we connect terminal devices located across stations and vehicles to a unified IoT platform. With AI-driven image analysis and voice coordination, we deliver integrated hardware and software solutions specifically designed for railway scenarios.	2022-2022	12,625.5	100.0	—	—	11,188.2	—	—	—	—	—

BUSINESS

Top Five Projects in 2022	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration (Year)	Contract Sum (tax included)		Percentage of Completion		Recognized Revenue (tax exclusive)		Backlog Contract Value ⁽¹⁾	
								(RMB in thousands)		2022	2023	2022	2023	2022	2023
Project B (phase II)	Daily Life	Enterprise customer	Suzhou Chongtian Intelligent Engineering Co., Ltd. ⁽³⁾	A company specializes in intelligent space transformation and digital new infrastructure, providing solution consulting, planning and design, equipment provision, construction management, system integration, and operation services. It is a subsidiary of Shimao Group Holdings Limited.	Residential Solution	By combining our full-stack AI capabilities—including speech recognition, natural language understanding, facial recognition, speech synthesis and specific behavior analysis—with IoT devices such as in-home voice-controlled smart screens, elevator controls and access gates in public areas, we create seamless interconnectivity. This enables property owners to enjoy a fully integrated experience from entering the community to reaching their home.	2022-2027	13,147.9	94.1	1.2	1.2	10,946.1	139.6	686.3	546.7
								(RMB in thousands)				(RMB in thousands)		(RMB in thousands)	

Notes:

- (1) Backlogged Contract Value = contract sum (tax included) – recognized revenue – tax
- (2) This customer did not consent to the disclosure of its name in this prospectus.
- (3) This customer is a subsidiary of Shimao Group Holdings Limited.
- (4) For certain projects, revenue is recognized over time because such projects include standalone AI services, which are provided for a certain year of time, such as extended warranty and cloud services, and which are considered as separate performance obligations. See “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition.”

Top Five Projects in 2023	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration (Year)	Contract Sum (tax included)		Percentage of Completion		Recognized Revenue (tax exclusive)		Backlog Contract Value ⁽¹⁾	
								(RMB in thousands)		2022	2023	2022	2023	2022	2023
Project E . . .	Daily Life	Enterprise customer	Customer D ⁽²⁾	A national high-tech enterprise with strong foundation in technological innovation and software development. It provides intelligent manufacturing solutions, products and technical support services in China.	AI Technology Service	Based on our proprietary Atlas AI Infrastructure, we provide customers with a fully integrated hardware and software solution, including GPU hardware servers, for large model training and optimization infrastructure.	2023-2023	21,000.0	—	100.0	—	—	18,584.1	—	—
								(RMB in thousands)				(RMB in thousands)		(RMB in thousands)	

BUSINESS

Top Five Projects in 2023	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration (Year)	Contract Sum (tax included) (RMB in thousands)	Percentage of Completion			Recognized Revenue (tax exclusive)		Backlog Contract Value ⁽¹⁾	
									Year ended December 31,		Year ended December 31, 2024	Year ended December 31, 2024	As of December 31, 2024	As of December 31, 2024	
									2022	2023					
									(RMB in thousands)						
Project F . . .	Healthcare	System integrator/ agent	Customer E ⁽²⁾	A medical device technology company engaged in the healthcare sector, focusing on the sale of medical equipment, the system integration in the application of AI technologies and the provision of technical services.	Efficiency Tools for Hospitals	By integrating our proprietary medical voice interaction solutions— including speech-to-text, command control and report generation—we empower healthcare professionals in medical imaging examinations and report writing. This delivers an integrated hardware and software solution that reduces workloads and improves efficiency in medical imaging scenarios.	2023-2023	20,691.0	—	100.0	—	—	18,310.6	—	—
									(RMB in thousands)						
									%						
Project G . . .	Healthcare	System integrator/ agent	Customer E ⁽²⁾	A medical device technology company engaged in the healthcare sector, focusing on the sale of medical equipment, the system integration in the application of AI technologies and the provision of technical services.	Efficiency Tools for Hospitals	By integrating our full- stack AI capabilities— including speech recognition, natural language understanding, facial recognition, speech synthesis and specific behavior analysis—with IoT devices such as multimodal interactive screens, voice remotes, elevator controls, facial recognition pads, parking access equipment and energy monitoring devices, we enhance business park management. Using digital twin technology and a self-developed low-code work order system, we enable management teams to deliver visualized services to tenants and efficiently manage their service teams, enhancing overall operational efficiency.	2023-2023	16,820.1	—	100.0	—	—	14,885.0	—	—
									(RMB in thousands)						
									%						

BUSINESS

Top Five Projects in 2023	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration	Contract Sum (tax included) <i>(RMB in thousands)</i>	Percentage of Completion			Recognized Revenue (tax exclusive)			Backlog Contract Value ⁽¹⁾		
									Year ended December 31,			Year ended December 31,			As of December 31,		
									2022	2023	2024	2022	2023	2024	2022	2023	2024
									%			<i>(RMB in thousands)</i>			<i>(RMB in thousands)</i>		
Project H	Daily Life	Enterprise customer	Customer F ⁽²⁾	A company specialized in the research and development, consultation and deployment of enterprise information management systems, manufacturing management systems, enterprise resource planning, manufacturing execution systems, artificial intelligence of things, applications and internet platforms whose clientele includes prominent domestic enterprises.	AI Technology Service	We provide customers with fully integrated hardware and software speech recognition appliances, optimized for specific hardware servers, to deliver high-performance and customized solutions for unique business requirements.	2023-2023	16,222.5	—	100.0	—	—	14,356.2	—	—	—	
Project I	Daily Life	Enterprise customer	Customer G ⁽²⁾	A IoT products and platform services provider that aims to fulfill the transformation and upgrade needs of industries such as telecommunications, energy, healthcare and cultural tourism with its offerings including IoT terminals, intelligent robots, new energy charging and swapping equipment and AI medical products. Its business reaches over twenty regions, and it has served major networks and operators across China.	AI Technology Service	Using our proprietary IoT platform and full-stack AI capabilities—including speech-to-text, facial recognition and behavior analysis—we connect various devices in power stations, especially energy monitoring devices, to a unified IoT platform. By leveraging AI for data analysis, we offer a comprehensive smart solution for energy monitoring and management.	2023-2023	14,775.8	—	100.0	—	—	13,939.4	—	—	—	

Notes:

- (1) Backlogged Contract Value = contract sum (tax included) — recognized revenue — tax
- (2) This customer did not consent to the disclosure of its name in this prospectus.
- (3) For certain projects, revenue is recognized over time because such projects include standalone AI services, which are provided for a certain year of time, such as extended warranty and cloud services, and which are considered as separate performance obligations. See “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition.”

BUSINESS

Top Five Projects in 2024	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration	Contract Sum (tax included)	Percentage of Completion			Recognized Revenue			Backlog Contract Value ⁽¹⁾		
								Sum (tax included)	Year ended December 31,			Year ended December 31,			Year ended December 31,		
									2022	2023	2024	2022	2023	2024	2022	2023	2024
Project J . . .	Daily Life	Enterprise customer	Customer G ⁽²⁾	A IoT products and platform services provider that aims to fulfill the transformation and upgrade needs of industries such as telecommunications, energy, healthcare and cultural tourism with its offerings including IoT terminals, intelligent robots, new energy charging and swapping equipment and AI medical products. Its business reaches over twenty regions, and it has served major networks and operators across China.	Commercial Space Solution	By leveraging our full-stack AI capabilities—including speech recognition, natural language understanding, facial recognition, speech synthesis, and specific behavior analysis—combined with our IoT platform, we integrate multimodal interactive screens, elevator controls, facial recognition pads, parking access equipment, energy monitoring devices, and carbon emission monitoring devices. With digital twin technology, our self-developed low-code work order system, and integration with inventory and purchasing systems, we help recycling park management teams visualize and efficiently manage their parks, enhancing overall operational efficiency.	2024-2024	(RMB in thousands)	(%)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)		
								32,910.00	—	—	100.0	—	—	30,388.6	—	—	

BUSINESS

Top Five Projects in 2024	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration	Contract Sum (tax included)			Percentage of Completion			Recognized Revenue			Backlog Contract Value ⁽¹⁾		
								2022	2023	2024	Year ended December 31, 2022	2023	2024	Year ended December 31, 2022	2023	2024	Year ended December 31, 2022	2023	2024
								(RMB in thousands)			(%)			(RMB in thousands)			(RMB in thousands)		
Project K . . .	Daily Life	System integrator/agent	Customer I ⁽²⁾	A medical device technology company engaged in the healthcare sector, focusing on the sale of medical equipment, the system integration in the application of AI technologies and the provision of technical services.	Commercial Space Solution	By combining our full-stack AI capabilities—including speech input and natural language understanding—with our IoT platform, we enable recycling traceability and tracking through mobile applications and mini-program interfaces. This also includes asset management for recycling and processing equipment.	2024-2025	32,633.90	—	0.0	—	—	—	—	—	—	—	—	30,209.0
Project L . . .	Daily Life	System integrator/agent	Customer J ⁽²⁾	A fintech company engaged in the corporate credit reporting sector, focusing on providing corporate credit ratings, credit investigations, and risk management services.	AI Technology Service	Based on our proprietary Atlas AI infrastructure, we provide customers with a fully integrated hardware and software solution, including GPU hardware servers, for large model training and optimization infrastructure.	2024-2024	33,115.00	—	100.0	—	—	—	29,305.3	—	—	—	—	—
Project M . . .	Daily Life	Enterprise customer	Customer F ⁽²⁾	A company specialized in the research and development, consultation and deployment of enterprise information management systems, manufacturing management systems, enterprise resource planning, manufacturing execution systems, artificial	Transportation Solution	Based on our proprietary Atlas AI infrastructure, we offer transportation sector clients a fully integrated hardware and	2024-2024	31,448.00	—	100.0	—	—	—	27,830.1	—	—	—	—	—

BUSINESS

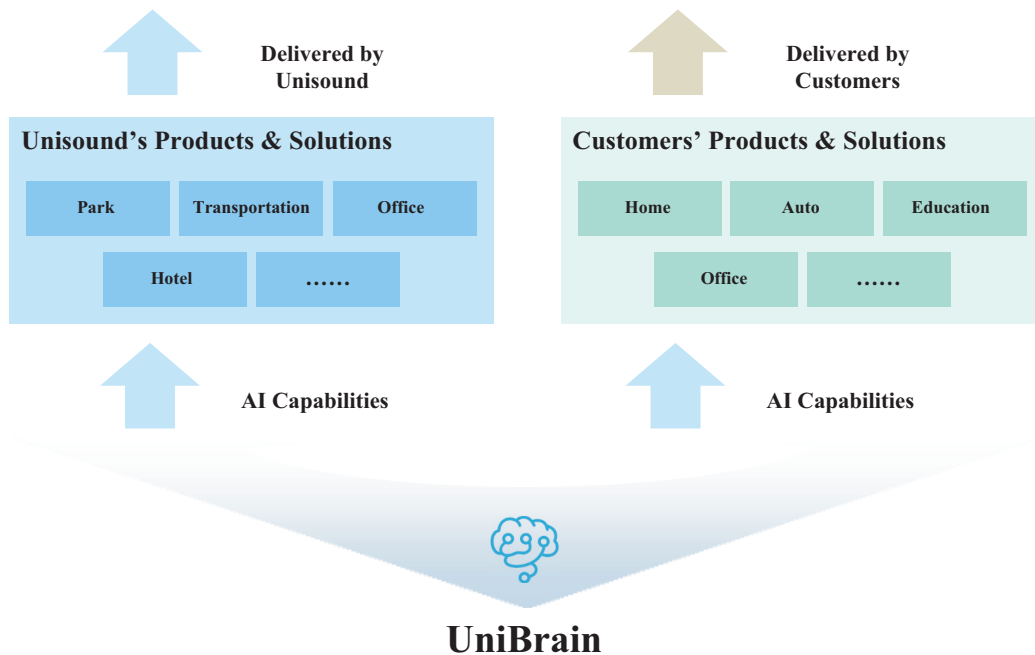
Top Five Projects in 2024	Project Type	Customer Type	Customer	Customer Background and Scale of Operations	Solution Provided	Project Description	Duration	Contract Sum (tax included)	Percentage of Completion			Recognized Revenue			Backlog Contract Value ⁽¹⁾		
									Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,		
									2022	2023	2024	2022	2023	2024	2022	2023	2024
								(RMB in thousands)	(%)			(RMB in thousands)			(RMB in thousands)		
				intelligence of things applications and internet platforms whose clientele includes prominent domestic enterprises.		software solution, including GPU hardware servers, for large model training and optimization infrastructure.											
Project N . . . Healthcare	Enterprise customer	China Resources Medical Equipment (Shenzhen) Co., Ltd.	A medical company that primarily engages in the research and development, manufacturing, sales, and related technical services of medical equipment.	Efficiency Tools for Hospitals	By integrating our proprietary medical voice interaction solutions—including speech-to-text, command control, and report generation—we empower healthcare professionals in imaging examinations and report writing. This provides an integrated hardware and software solution that reduces workloads and improves efficiency in medical imaging scenarios.	2024-2024	19,227.90	—	—	100.0	—	—	—	17,015.8	—	—	—

Notes:

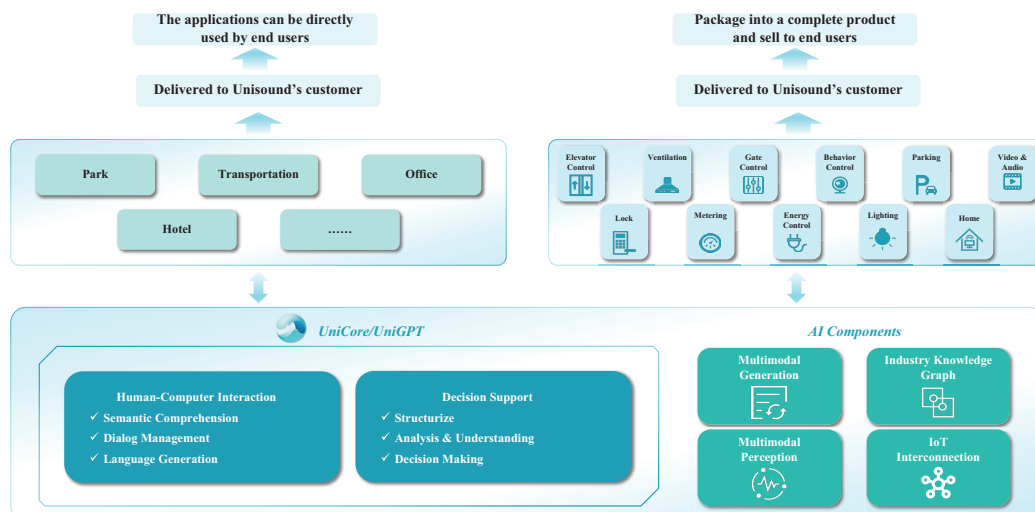
- (1) Backlogged Contract Value = contract sum (tax included) — recognized revenue — tax
- (2) This customer did not consent to the disclosure of its name in this prospectus.
- (3) For certain projects, revenue is recognized over time because such projects include standalone AI services, which are provided for a certain year of time, such as extended warranty and cloud services, and which are considered as separate performance obligations. See “Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition.”

Daily Life

We provide AI solutions and products supported by UniBrain. Our AI solutions package the suitable AI engines toolbox for specific industry verticals and cater to the needs of massive number of customers with cost-efficient customization, while our AI products, which are built on standardized inherent system and technology but also support adaptability, provide hardware and software with intuitive installation and deployment for developers and small and medium-sized enterprises. In addition, we also provide AI services based on MaaS to developers and enterprises on-demand. Our Daily Life customers include management service providers, financial institutions, software, IT and IoT developers, hotels, public transportation operators, automakers and municipalities. The below diagram illustrates our Daily Life offerings based on AI capabilities underpinned by UniBrain:



The diagram below provides an illustrative workflow of how our AI technologies empower Daily Life products and solutions across application scenarios.



BUSINESS

The following table sets out key metrics that provide insight into our business operations of Daily Life for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
Number of customers ⁽¹⁾	373	389	411
Revenue per customer ⁽²⁾ (RMB in thousands)	1,304.8	1,487.7	1,800.0
Number of Major Customers ⁽³⁾	63	78	71
Revenue from Major Customers (RMB in thousands)	446,826	540,954	703,302
Customer retention rate ⁽⁴⁾	65.2%	68.4%	68.6%
Number of projects ⁽⁵⁾	537	913	711
Number of products sold	17,353	35,677	53,399

Notes:

- (1) Represents the number of customers we had revenue from during the respective years. In each year of 2023 and 2024, we had one customer that had business with us under both Daily Life and Healthcare.
- (2) Revenue per customer is calculated by dividing the revenue from Daily Life in a given year by the number of customers we had revenue from during that year.
- (3) Major Customer here refers to the Daily Life customer from whom we had revenue over RMB1 million during the relevant year.
- (4) Calculated by dividing the number of customers from which we had revenue in both the current year and the immediate preceding year by the total number of customers in the immediate preceding year.
- (5) The fluctuation in the number of projects during the Track Record Period was influenced by the method of recognizing revenue based on project progress, which resulted in some projects extending across multiple years. As a result, projects that spanned the end of a financial year could lead to variations in the reported number of projects.

Our revenue per customer from Daily Life increased continuously from 2022 to 2024, which is primarily as a result of our offering a wider range of AI solution offerings due to our gradually enhanced AI capabilities. During the Track Record Period, the revenue generated from Major Customers, as well as the customer retention rate continued to increase primarily as a result of our enhanced AI capabilities and bolstered industry influence, which increased our ability to secure Major Customers in the backdrop of heightened AI penetration across industries.

Solutions

Based on the AI and IoT capabilities provided by UniBrain, we provide Daily Life solutions connecting IoT devices such as speakers, centralized voice control screens, facial recognition equipment and multimodal interactive screens. For example, we provided Shenzhen Metro Line 20 with a voice ticketing system that integrates IoT devices, such as voice-enabled ticketing machines and centralized control screens. The system allows passengers to purchase tickets through voice commands in multiple languages, supported by speech recognition technologies. While such IoT devices are all ultimately manufactured by suppliers, they consist of (i) devices that are developed by us but ultimately produced by suppliers, (ii) devices for which we have conducted secondary development based on the suppliers' existing frameworks before their being produced by the suppliers, and (iii) off-the-shelf device connected by our solutions. Our Daily Life solutions mainly feature the following capabilities:

- **Flywheel Effect of Data Training:** We provide Daily Life solutions to various industry verticals that create extensive real-life application scenarios for AI technologies, especially conversational AI, which enables the most natural interactive communication method between the user and our platform through voice. Our Daily Life solutions facilitate full-scenario, human-machine interaction within individual space units such as a single room or an entire industrial park, with varying user demand. Through continuous and

comprehensive user feedback from IoT devices processed through UniBrain, we have created a virtuous cycle where our AI technologies are constantly applied and strengthened in real-life scenarios. Our enhanced AI engines can therefore substantially improve user experience and penetrate expanding applicable scenarios of our AI technologies.

- **Full Scenario Coverage with Uniform Management:** Our Daily Life solutions achieve full scenario coverage through uniform management of devices, personnel, workflow and operations to enhance operational efficiencies and improve service quality. For example, we supported a financial conglomerate by implementing a centralized AI platform to manage workflows, devices, and operations across multiple sectors, including insurance and banking, which enables integrated management of processes and operations. With uniform interconnection and management of various kinds of devices in the closed-loop systems of different industry verticals and application scenarios, we achieve conversation-centered interaction among multimodal IoT devices of different places within the same system. Through uniform management of different workflows under different scenarios and management of work orders, which covers the whole process of work order circulation, task allocation and process management and control, we achieve consolidated workflow management to facilitate one-stop interaction that satisfies all user demands. Based on the uniform management of IoT devices and workflows, we enable consolidated collection, display and analysis of various operational data, substantially enhancing user experiences and management efficiency.
- **Multimodal Interaction Underpinned by Distributed Voice Control System:** Based on our AI and IoT capabilities, we provide diversified interaction methods, including voice commands, mini programs and control screens, facilitating organic interaction between people and space. For devices in the same space under the same network, our distributed voice control system arbitrates which devices under the same network to respond based on device information, activation status information and environmental information, realizing a single activation demand for multiple devices. It allows all devices in the same network to interact with users as a whole, thus improving user experience. Combined with voiceprint recognition technology, our distributed voice control system sustains multiple users' separate and concurrent interactions with devices on the same network, regardless of device locations.

Key features of our Daily Life solutions offerings:

- *Delivery Methods:* We deliver to our customers one-stop services on project basis, with our AI software, software-embedded hardware and technical services integrated according to specific customer demands.
- *Functionalities:* Our Daily Life solutions primarily enable one-stop human-machine interaction and multimodal, conversation-centered interaction across IoT devices.
- *Core AI Technology:* Our Daily Life solutions typically integrate a comprehensive suite of our multimodal perception and generation technologies, IoT interconnection system and industry knowledge graph with UniBrain.

BUSINESS

- *Sales Cycle:* To cater to customers' needs and customization requirements, our pre-sales team typically starts with providing a functionalities list for customers' selection and then proposes a delivery schedule according to customers' specific demands. This initial consultation typically takes one to three months. We then proceed to negotiate with our customers on whether a show room or prototype demonstration is required, which typically takes one to two months, subject to the customers' internal approval procedure before giving us final sales order. We are typically able to complete the delivery within one month after receiving official sales order from the customer.
- *Payment:* We typically determine the final price based on the total unit price of the products selected by the customer and the level of customization performed. We may require a prepayment of 10% to 50% of the total contract value. The remaining portion of the contract value, excluding any quality assurance deposit, shall be paid upon completion of final inspection. We may, depending on our relationship with the customers and the complexity of the projects, typically agree to a quality assurance deposit of 5% to 10% of the total contract value. Such deposit will be remitted to us upon fulfillment of a quality assurance period which typically ranges from one to three years.

BUSINESS

Through the interconnection of different levels of equipment and services, we provide one-stop solutions to different scenarios across industry verticals including residential, commercial space, hospitality and transportation. Our solutions combine standardized solutions for consistency and efficiency with adaptations to meet specific customer needs. The following representative use cases illustrate the commercialization of our solutions in such application scenarios:

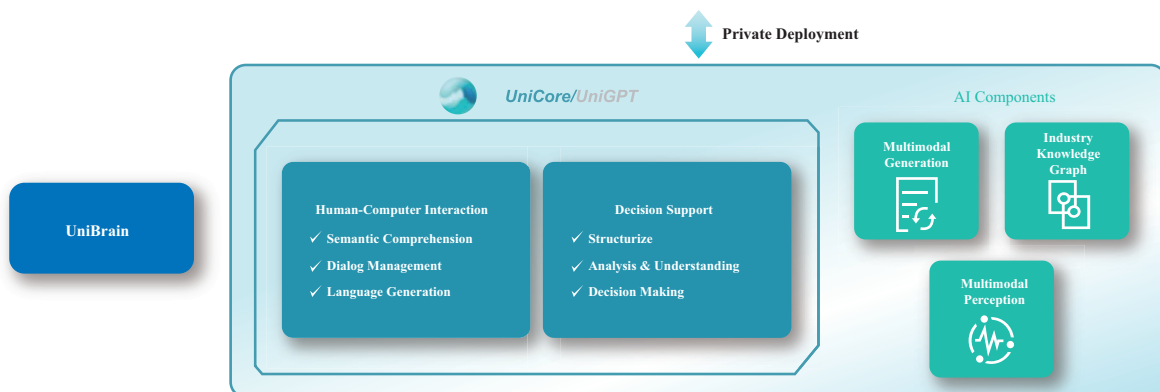
Use Case 1

Shenzhen Metro Line 20

Shenzhen Metro, through its digitalization efforts, has adopted advanced technologies to its systems and stations. We have collaborated with Shenzhen Metro and been a key technology provider since 2021. We provide Shenzhen Metro Line 20, a fully digitalized metro line launched in 2021, with AI interactive solutions for its ticketing system. We source electronic components for the production of customized intelligent sound recognition and voice dialog modules built into customers' ticketing machines.



Intelligent sound recognition and voice dialog modules customized for ticketing machines are built into the customer's ticketing machines.



BUSINESS

On top of the auto ticketing machines originally available in most of the metro lines, we have added multiple functions including voice input without wakeup to facilitate easy ticket purchasing experiences for the passengers.

**深圳地铁**
SHENZHEN METRO

Shenzhen World

2023-06-18 16:41:30
Wednesday

*Welcome to use the
automatic recharge and
ticket vending machine
of Shenzhen Metro*



Please say “Recharge”

Recharge

Please say “I’d like to buy
x tickets for xx station”

Buy
ticket

We have installed voice ticket purchase functions to the auto ticketing machines of Metro Line 20, supporting multi-language speech recognition that covers Mandarin, English and Cantonese. Our voice ticketing system also supports denoising and dereverberation functions ensuring accuracy in background noise of the metro stations. Once approached by passengers, the voice model would be automatically triggered, and the passenger's speech would be simultaneously displayed on the screen with support of our speech recognition and semantic understanding technologies. The system would automatically pop up the recommended metro station based on the passenger's voice command.

How AI technologies enabled this

In the case where a user wanted to purchase a ticket to Shenzhen North station, the user would say to the ticketing machine that "I want to go to Shenzhen North." The machine would collect the user's voice input, apply noise-cancellation and submit the processed voice sample to the cloud-based UniBrain for analysis. The human-machine interaction module of UniBrain has been pre-trained with massive volume of human language and voice and is therefore capable of converting the voice input to text and analyze the meaning of such text based on its large language model capabilities and semantic analysis AI component capabilities. Human users' voice inputs are frequently natural language expressions with a certain degree of vagueness instead of standardized, definitive instructions like "I want to purchase a ticket from this stop to Shenzhen North station." This requires UniBrain to identify and understand the various alternative expressions of human users, and is where the perception capabilities of large language models and semantic analysis AI components play a crucial role in the interpretation of human users' true intention. In this case, "I want to go to Shenzhen North" contains multiple meanings including the intention to purchase a ticket, the specific starting point and destination and the request for route and fee information. After deciphering the users' true intention, UniBrain makes decision based on the metro map and fee table, send instruction to the ticketing machine which displays the relevant information and prompts the user to make a payment.

Use Case 2

City of Xiamen

We have in-depth cooperation with the city of Xiamen, providing park solutions for its Health Trail, Jimei New Town and Phase III of the Software Park.



BUSINESS

We have installed multiple interactive screens on recreation sites along the Health Trail, all capable of handling interactive voice commands and providing guidance and recommendation of surrounding facilities through avatars created by our audio-visual synthesis technology. We also provide voice-controlled photo-taking services through cameras installed in scenic spots along the trail, enabling citizens to take photos through voice command supported by our voice wakeup and speech recognition technologies. We source hardware for screens and develop customized software integrated into these interactive screens.

With the support of UniBrain and our proprietary multimodal AI engines, we have installed interactive stations in various hot spots of the Jimei New Town, providing interactive enquiry, search, guidance and recommendations to citizens. We have also established the knowledge graph for Jimei New Town integrating area-specific knowledge including the history and culture of Jimei, local laws, regulations and policies and tourist attractions, providing localized information for both citizens and tourists.



Focusing on the development of AI, 5G, big data, IoT and hardware, Xiamen Software Park Phase III has become a key technology hub in Southeast China. We have installed multimodal interactive service stations in the office buildings, recreation sites, traffic stops and main roads of the park, supported by the supercomputing platform we established in cooperation with the city of Xiamen and our AI chips, integrating interactive services including speech recognition, speech comprehension, text-to-speech synthesis and facial recognition. We also installed voice command solutions for the elevators in the park, customized for the elevator setting with denoising and dereverberation algorithms.

How AI technologies enabled this

In the case where a user wanted to find nearby restaurants, the user would say “restaurant” to the multimodal intelligent interaction station. The station would capture the user’s voice and send the voice sample to UniBrain on the cloud after noise cancelation. As the human-machine interaction

module in UniBrain was pre-trained with a large amount of human voice language data, it possess human language-related knowledge and can use semantic analysis or large language models to understand the specific meaning of the text converted from the user's voice sample. UniBrain's interpretation capabilities have distinctive advantage in understanding non-regular, casual expressions and synonyms, leveraging its broad human language knowledge base as well as ability to decipher true intention in the context. After the interpretation of the user's intent, UniBrain would organize information of nearby restaurants and the best routes to those restaurants and display such information on the screen. In this case, UniBrain needs to recognize the intention of the user behind the simple voice input of "restaurant," which is to find places to eat and the way to such places. Since users' instructions are usually ambiguous due to natural language habits, AI technologies such as the semantic analysis and large language models are crucial for understanding the user's true intent.

Use Case 3

A financial conglomerate

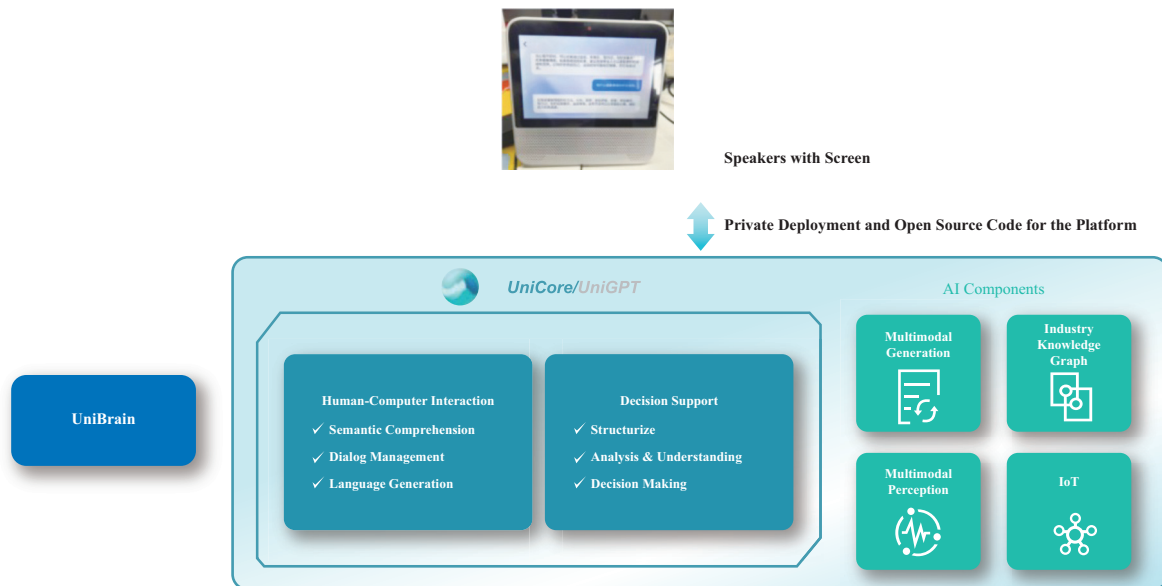
We have cooperated with a financial conglomerate to provide our AI and IoT capabilities as a combined solution for its private deployment requirements, covering end-to-end full chain support. Our AI solutions are provided based on privatization deployment to accommodate for the sophisticated security and privacy requirements of financial institutions.

At the infrastructure level, we established a supercomputing platform for the customer within two months, substantially reducing the potential year-long construction time by the customer itself and covering multiple compatible systems including high-efficiency storage and communication, high-efficiency task allocation structure based on Kubernetes, multi-GPU acceleration for big data machine learning, and general machine learning structure based on the above platforms. Our supercomputing platform solution supports multiple mainstream AI computing structures of the industry and satisfies the diverse computing demand of AI tasks.

At the application level, we have established a central AI platform providing support for both the cloud platform and end devices. We provide interactive solutions for the end devices, and multi dimensional support for the cloud platform including AI core engine, voice interaction support, business interactive support, customized optimization, big data platform and operation platform. Since the establishment of the AI platform, it has provided services to various business units of the group, integrating the common business skills including healthcare and education. The AI platform has been used in the verticals of insurance, banking, administration and elderly care. For example, we provide speakers for the interactive screens at the site of the customer.

BUSINESS

We procure hardware for speakers of screen and develop customized software integrated into these speakers.



How AI technologies enabled this

As part of the life insurance package offered by the financial conglomerate, a health safeguard solution that consists of speakers, several physiological detection terminals and various IoT devices are installed at a user's home. These terminals are interconnected through the Internet to the central artificial intelligence platform featuring UniBrain. Data is collected and aggregated in the IoT devices and then processed by UniBrain in real-time. UniBrain analyzes the data from multiple terminals and compares them with historical information. If any abnormalities are detected, such as high blood pressure and poor sleep patterns, the solution promptly analyzes the situation and alerts the user through speaker or the user's mobile phone. At the same time, it can provide relevant health monitoring advice based on its knowledge base. In case of emergencies, it also proactively contacts emergency contacts to ensure the user's safety. The health monitoring advice is mainly related to general health care and disease prevention, and is not related to any medical advice or any advice involving diagnosis and prescriptions. When any abnormalities are detected, the solutions notify the user and advise the user to contact his/her family members and doctors and to undergo examinations and medical treatment in hospitals. As mentioned above, the AI solutions is provided based on privatization deployment. We do not collect any personal and identity data from any end users. The data is collected and aggregated in the IoT devices and is stored on our customer's servers. Based on the foregoing, our PRC Legal Advisors are of the view that as of the Latest Practicable Date, (i) the Company provides AI technologies to assist users with health monitoring and health management, (ii) the Company does not provide health consultation and prescription services to users and is not subject to licensing requirements of medical institutions under the PRC laws and regulations, and (iii) the provision of the aforementioned health monitoring advice by utilizing AI technologies was in compliance with applicable PRC laws and regulations in all material respects.

BUSINESS

Products

Our products under Daily Life segment primarily consist of chips, modules and APIs. The following table sets out a breakdown of our revenue by product in absolute amounts and as a percentage of revenue for the years indicated:

	Year Ended December 31,					
	2022		2023		2024	
	Amount (RMB in thousands)	%	Amount (RMB in thousands)	%	Amount (RMB in thousands)	%
Chips	45,865	49.1	66,908	64.6	76,419	65.2
Modules	30,155	32.3	27,022	26.1	34,149	29.1
APIs	5,688	6.1	3,537	3.4	4,965	4.2
Other products⁽¹⁾	11,776	12.6	6,031	5.8	1,763	1.5
Total	<u>93,484</u>	<u>100.0</u>	<u>103,498</u>	<u>100.0</u>	<u>117,296</u>	<u>100.0</u>

Note:

(1) Other product primarily include intelligent alarm clock and intelligent speaker.

- **Chips and Modules:** AI chips are semiconductors that can perform AI tasks, such as image recognition, natural language processing and machine learning. We offer two types of AI chips to our customers: (i) self-developed chips, targeting at customers and use cases with more stringent and cutting-edge performance requirements, and (ii) third-party chips, which are primarily used in more standardized use cases and offer high cost efficiency.

To cater to certain customers' stringent performance requirements, we decide and design the key technical specifications and logic of the self-developed chips in-house. This means we decide how the chip will function, write the code that controls the chip and test the chip's performance to verify our designs. Our design focuses on optimizing the chips' performance in accelerated AI algorithm computation, and is sent to third-party foundries for manufacturing. Alongside the chip hardware, we offer customers a full suite of our proprietary algorithm application development framework, conversational AI developer tools and other supporting tools based on the specifications and functionalities of the chips, to facilitate our customers' further development. We hold the IP rights of the overall design of self-developed chips, including its hardware structure and associated software.

For more standardized use cases, we use the third-party chips for cost efficiency. We buy ready-made chip hardware suitable for the development of AI algorithms and applications from other chip providers. When selecting the third-party chips, we assess and balance the performance, power consumption and hardware costs. Similar to self-developed chips, we also offer a full suite of proprietary algorithm application development framework, conversational AI developer tools and other supporting tools. We own the intellectual property rights of the software used in connection with the third-party chips.

The proprietary algorithm application development framework, conversational AI developer tools and other supporting tools centers on our conversational AI engine, which can be embedded in the AI chips and can understand and execute voice commands. A series of our developer tools help customers customize the voice commands for their products and improve the accuracy of the AI chips. Customers can upload a list of voice

BUSINESS

commands to our web-based tool platform, which then creates a customized firmware that matches these commands. The firmware can be downloaded and installed on the AI chips that customers have purchased from us. Our developer tools enable customers to customize their products without relying on manual support from us, to fine-tune the performance of the AI chips and the voice commands, and to facilitate faster and easier product development and deployment. This saves time and cost, improves quality and functionality, and gives customers a competitive edge in the market. As of the Latest Practicable Date, we have developed and sold AI chip products that, in addition to the current voice control function, support the integration of more functions such as bluetooth and master control. The following table sets out a breakdown of our revenue generated from self-developed chips and third-party chips for the years indicated:

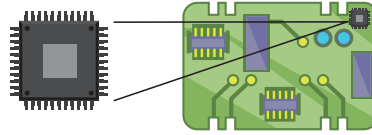
	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except percentages)</i>						
Self-developed chips	358	0.8	1,910	2.9	6,438	8.4
Third-party chips	45,507	99.2	64,999	97.1	69,981	91.6
Total	45,865	100.0	66,908	100.0	76,419	100.0

We also deliver AI modules, which are hardware devices and components integrated with, and enhanced by, AI chips which are embedded with our AI engine. As AI modules are often highly customized, an AI module is typically developed based on the specific requirements of an AI device, including its functionality, structure and exterior design. It integrates multiple chips, including the AI chips, onto a single PCB. In addition to the AI chips, there are generally capacitors, resistors, inductors and MCU chips on the AI modules. For AI chips, our involvement in design and development does not extend to customization for specific user scenarios. Customers are generally required to undertake secondary development of the AI chips to ensure they are suitable for their unique user scenarios before they can move forward with production. In contrast, AI modules are crafted as plug-and-play components. Customers can seamlessly integrate these AI modules into their final products, ready for mass production and assembly, eliminating the need for any supplementary development to align with user needs. In 2022, 2023 and 2024, revenue from our AI modules amounted to RMB30.2 million, RMB27.0 million and RMB34.1 million, respectively, accounting for 6.2%, 4.7% and 4.6% of our revenue from Daily Life, respectively.

Furthermore, our AI solutions are tailored to customers' particular requirements, typically encompassing software, hardware and development and support services. These solutions are typically developed for specialized use cases, with each project potentially requiring different functionalities and quantities of software, hardware and services.

BUSINESS

When components such as AI modules and AI chips are integrated into various electronic devices, they form an AI device. Based on the needs of our customers, we provide AI solutions featuring our UniBrain, software systems and AI devices related to customer needs. This approach gives us the flexibility to provide highly customized solutions to customers.



AI Chip

AI Module

Key features of our AI chip and AI module offerings:

- *Delivery Methods:* The AI chips are delivered as standardized chip hardware together with related support tools for customization, while the AI modules are typically delivered as hardware devices and components to IoT device manufacturers.
- *Functionalities:* Our AI chips and AI modules empower the intelligentization of various AI IoT devices across industry verticals, performing functions including information perception, structuralization, analysis and decision assistance.
- *Core AI Technology:* Our AI chips and AI modules typically involve embedding specific multimodal perception and generation technologies and IoT interconnection system capabilities into the relevant chips or hardware devices. These chips and devices may also call the AI capabilities from our UniBrain as needed.
- *Sales Cycle:* The sales cycle of AI chips is typically swift. Most of the orders for AI chips are one-off purchases and are typically fulfilled in one month. The sales cycle of our AI modules primarily comprises initial consultations with our customers, customized product R&D and execution of framework agreements, which may take two to six months. Under the framework agreements, our customers place specific orders according to operating needs from time to time. The AI modules are typically delivered in one month to 45 days.
- *Payment:* We typically determine the final price based on the total unit price of the products selected by the customer and the level of customization performed. For AI chips, payments are required upfront. Payments for AI modules are typically settled upon delivery of the products. Revenue is typically fully recognized upon completion of the one-off post-delivery inspection and issuance of acceptance confirmation.
- **APIs:** We provide AI capabilities based on MaaS to developers and enterprises on-demand in the form of public cloud AI capability APIs and customized proprietary AI technology service platforms.

Key features of our AI capability offerings:

- *Delivery Methods:* We grant our customers access to our cloud-based AI technology service platforms.

BUSINESS

- *Functionalities:* Our AI capability APIs offers various machine learning technologies to empower the development activities of our users.
- *Core AI Technology:* The AI capabilities provided are primarily from UniBrain.
- *Sales Cycle:* We may offer free trials of our AI capabilities to potential customers who send inquiries to us via our website. If satisfied with the functionalities and performance, potential customers are then invited to send their specific fee inquiries to us. Our implementation team typically take two to three weeks to respond to the specific inquiries with tailored service plans, upon agreement of which we proceed with the customer to enter into contracts. The access to our AI capability APIs is then instantly available to customers.
- *Payment:* We charge subscription fees for such services on a pay-per-use basis. During the Track Record Period, such subscription fees were insignificant to our total revenue.

Use Case 4

Automobile

Our Automobile products create travel experiences that connect people and vehicles.

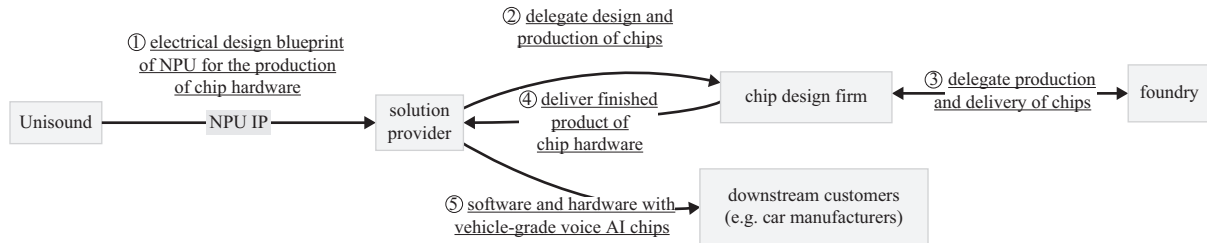


With our conversational AI capabilities at its core, our Automobile products can be connected to cloud environment and support scenario-based big data operation service capabilities, as a part of the intelligent upgrade of traditional vehicles. We started by providing aftermarket installed products which integrate our core AI public cloud services including speech recognition, NLU and TTS synthesis for brands and manufacturers of cameras, rear-view mirrors and dashboards, which subsequently were installed on tens of millions of automobile devices. We now provide one-stop conversational interaction solutions, including conversational interaction SDK and conversational cloud services, to established car manufacturers with a need for intelligent upgrades. We also collaborate with some car manufacturers' solution providers and provide NPU for their vehicle-grade AI chips by authorizing the IP of the design of NPU to such solution providers, who then incorporate the NPU design into their vehicle-grade AI chips. To authorize the IP of our NPU design to solution

BUSINESS

providers, a licensing agreement is established between the solution provider and us. Under this agreement, the solution provider is granted the rights to use the NPU IP developed by us in their AI chip designed for vehicular use. For each chip delivered by the solution provider that incorporates the NPU IP, we typically earn a fixed fee based on the IP licensing agreement.

The below is the typical process in our NPU IP authorization:



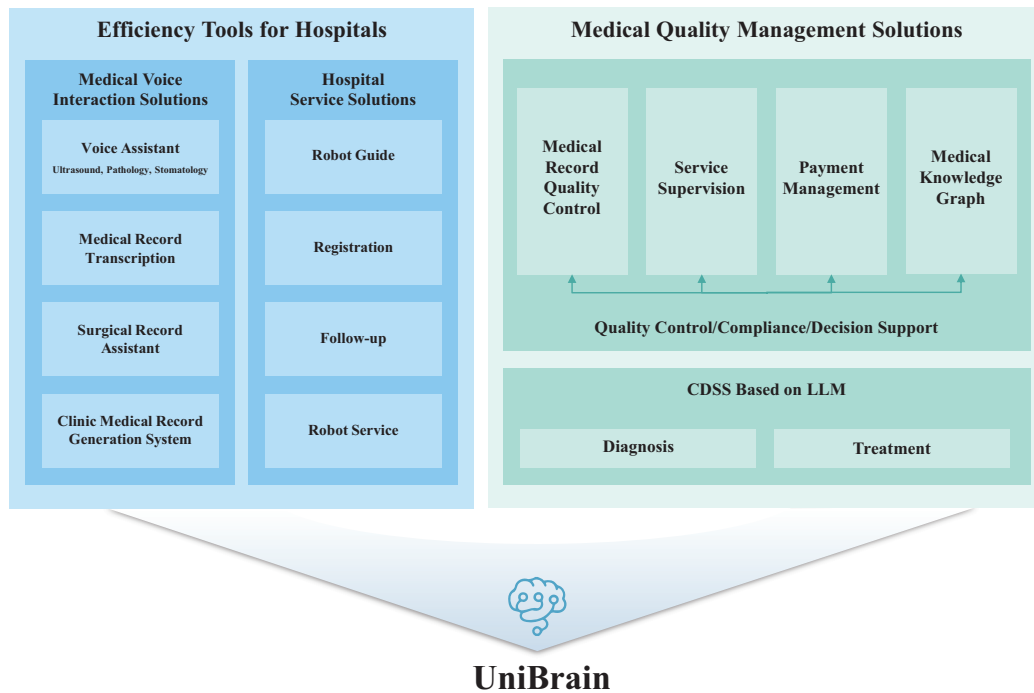
The solution provider obtains the NPU IP license from us, and then provides this NPU IP to a chip design firm, which is responsible for integrating the NPU IP into the overall design blueprint of the targeted AI chip. Once the design is finalized, it is sent to a foundry for manufacturing. The manufactured chips are then delivered to the solution provider. The solution provider bundles the chip hardware with software and delivers the complete package to their customers, such as car manufacturers.

We also established a joint venture with ECARX in Anhui, focusing on factory-installed products. We offer speech recognition services covering Mandarin, Sichuan dialect, Cantonese and English. Such services have been subsequently incorporated in millions of automobiles of top-tier car manufacturers.

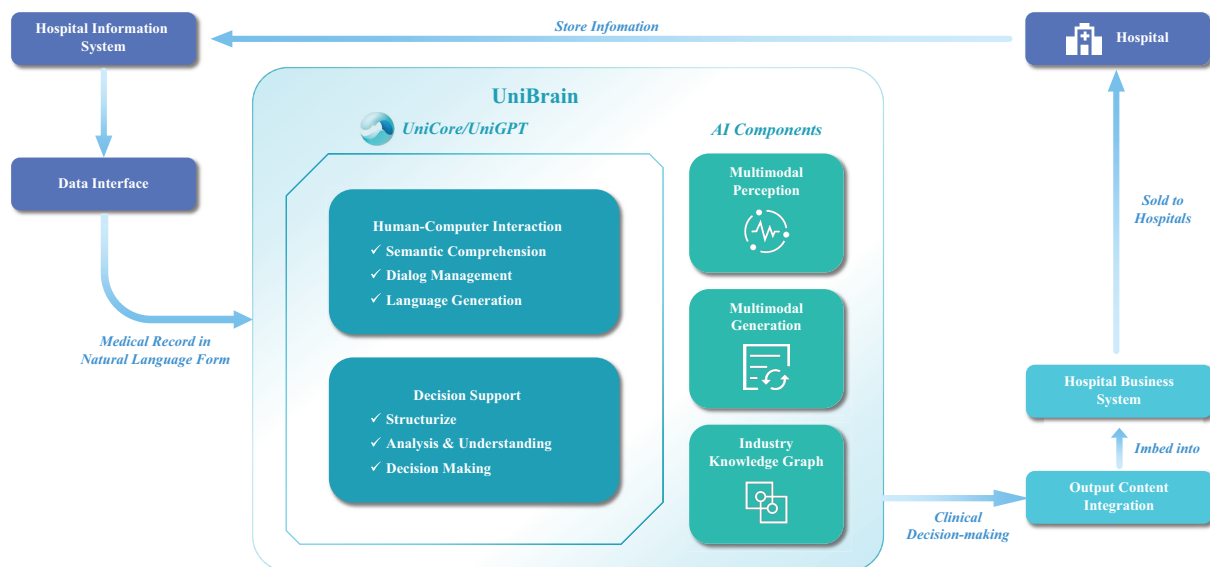
BUSINESS

Healthcare

Our Healthcare solutions started from providing efficiency tools, and gradually expanded to provide a broad range of medical quality management solutions for relevant medical institutions, insurance companies and authorities, integrating various decision-making products and solutions to meet the requirements of quality control and compliance of relevant institutions, with the ultimate goal of improving the work efficiency of medical staff and enhancing the service standards of medical institutions. The below diagram illustrates our Healthcare offerings:



The diagram below provides an illustrative workflow of how our AI technologies empower Healthcare solutions.



BUSINESS

The following table sets out key metrics that provide insight into our business operations of Healthcare for the years indicated:

	For the year ended December 31,		
	2022	2023	2024
Number of customers ⁽¹⁾	165	167	166
Revenue per customer ⁽²⁾ (RMB in thousands)	687.6	887.7	1,200.0
Number of Major Customers ⁽³⁾	29	26	35
Revenue from Major Customers (RMB in thousands)	91,784	125,480	171,833
Customer retention rate ⁽⁴⁾	70.4%	64.8%	53.3%
Number of projects ⁽⁵⁾	228	242	232

Notes:

- (1) Represents the number of customers we had revenue from during the respective years. Such number represents the number of (i) enterprise customers with whom we directly entered contract into and to whom we provided solutions, and (ii) end users to whom we provided solutions through contracts with system integrators/agents. We consider such metrics as key in evaluating our business operations because it reflects our performance in expanding our Healthcare business. Due to the nature of the industry, it usually is a commercial decision that the system integrators/agents, rather than the end users themselves, enter into contracts with us, although it typically is the end users that take the lead in coordinating the system integrators/agents and us to deliver the projects to and realize AI intelligence upgrade on the end users themselves. See “- Sales and Marketing – Our Sales Network.” In addition, in each year of 2023 and 2024, we had one customer that had business with us under both Daily Life and Healthcare.
- (2) Revenue per customer is calculated by dividing the revenue from Healthcare in a given year by the number of customers we had revenue from during that year.
- (3) Major Customer here refers to the Healthcare customer from whom we had revenue over RMB1 million in a year.
- (4) Calculated by dividing the number of customers from which we had revenue in both the current year and the immediate preceding year by the total number of customers in the immediate preceding year.
- (5) The fluctuation in the number of projects during the Track Record Period was influenced by the method of recognizing revenue based on project progress, which resulted in some projects extending across multiple years. As a result, projects that spanned the end of a financial year could lead to variations in the reported number of projects.

The continuous increase in our revenue per customer from Healthcare during the Track Record Period was primarily driven by UniBrain’s enhanced AI capabilities, which enabled us to offer more sophisticated and advanced solutions at a higher price. We consider the number of and revenue from our Major Customers to be important metrics of our success. During the Track Record Period, although our Major Customers under Healthcare constituted 17.6%, 15.6% and 21.1%, respectively, of our total Healthcare customers by number, the total revenue they contributed accounted for 80.9%, 84.6% and 86.3%, respectively, of the aggregate revenue from Healthcare. Revenue from Major Customers increased at a CAGR of 36.6% from 2022 to 2024. Our customer retention rate decreased from 70.4% in 2022 to 53.3% in 2024 primarily because, leveraging our customer acquisition resources, we have been putting our business emphasis on acquiring customers with higher spending with us. Revenue per customer increased from RMB687.6 thousand to RMB1,200.0 thousand over a CAGR of 32.1%. This is because, when customers deploy our products, their data and system integrate with our products, thereby giving us an infrastructural and early-mover advantage at this stage in the customers’ procurement and deployment of our other AI products in the long run. See “-Business Sustainability - Expanding customer base and retaining existing customers.”

We have built the core capabilities of Healthcare solutions, including data interface, medical record full-text comprehension, and knowledge graph construction and application, and packaged such capabilities into products and launched to the target customers, catering to their demand and market responses. Through continued usage of our products, we can feed our products with feedbacks and form a self-reinforcing development cycle of our solutions.

BUSINESS

Key features of our Healthcare solutions offerings:

- *Delivery Methods:* Our Healthcare solutions are typically delivered as customized one-stop AI-empowered business systems, where a selection of our AI soft- and hardware are integrated according to specific customer demands. We also provide standardized efficiency tools based on conversational AI capabilities.
- *Functionalities:* Our Healthcare solutions are primarily applied in medical record voice entry, medical record quality control, single-disease quality control and medical insurance payment management, leveraging voice-based interaction technologies and medical knowledge.
- *Core AI Technology:* Our Healthcare solutions primarily integrate a comprehensive suite of our multimodal perception and generation technologies with medical knowledge graph and UniBrain.
- *Sales Cycle:* Healthcare solutions typically have longer initial consultation period with potential customers, ranging from three months to two years, after which process we proceed to enter into contracts with the customers. We are typically able to complete the delivery in one to six months after entering into contracts.
- *Payment:* We may sometimes require a prepayment of 10% to 50% of the total contract value. The remaining portion of the contract value, excluding any quality assurance deposit, shall be paid upon completion of final inspection. We may, depending on our relationship with the customers and the complexity of the projects, typically agree to a quality assurance deposit of 5% to 10% of the total contract value. Such deposit will be remitted to us upon fulfillment of a quality assurance period which typically ranges from one to three years.

Efficiency Tools for Hospitals

We offer a suite of efficiency tools for hospitals leveraging our conversational AI and large language model capabilities. Our solutions can substantially improve the efficiency of medical record entry and patient service.

We offer the following solutions to support doctors and patients:

Medical Voice Interaction Solutions: Our medical voice interaction solutions support doctors through efficiency tools such as voice assistants for hospital departments and medical record transcription.

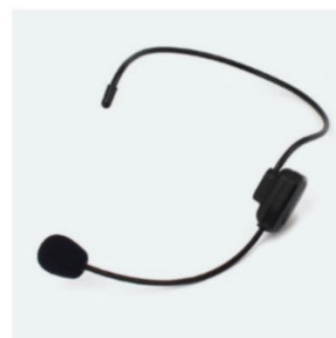
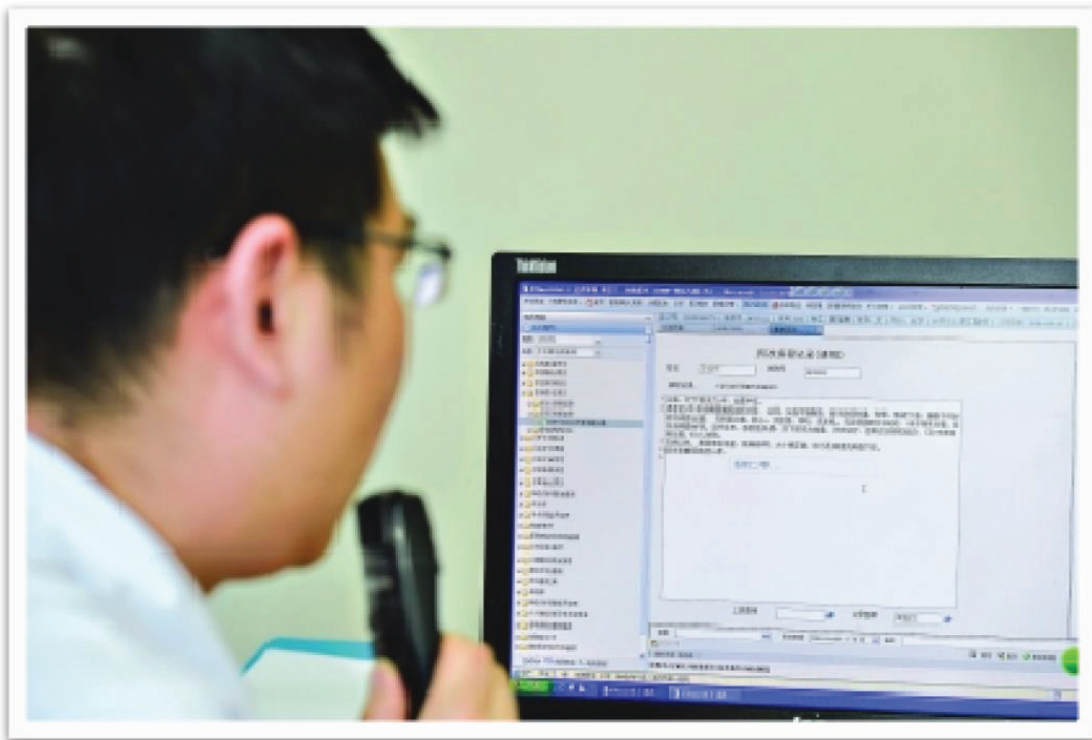
- **Voice assistant:** Based on our AI capabilities and the intelligent interpretation of healthcare knowledge graph, our voice assistant offers doctors convenient voice interaction functions to make medical inspection report. For example, it automatically filters information irrelevant to the examination content with semantic understanding, and can directly interface with PACS, thus supporting voice entry of report content while collecting and selecting images. We provide voice recognition models for departments of ultrasound with more accurate recognition rate, customized for specialty-specific jargons and symbols.
- **Medical record transcription:** Our medical record transcription system offers doctors a voice-enabled method of medical documentation through our conversational AI capabilities. It substantially improves the efficiency of record entry, alleviating doctors' logistic burden. The system enables real-time charting for outpatient visits and inpatient treatment, as well as

BUSINESS

medical examination and test report generation. It supports a comprehensive set of features including voice wakeup, intelligent punctuation and professional vocabulary customization to facilitate transcription with a high accuracy rate of over 98%. In addition, it enables structured medical records to support subsequent data analysis and knowledge graph generation.

Use Case 5

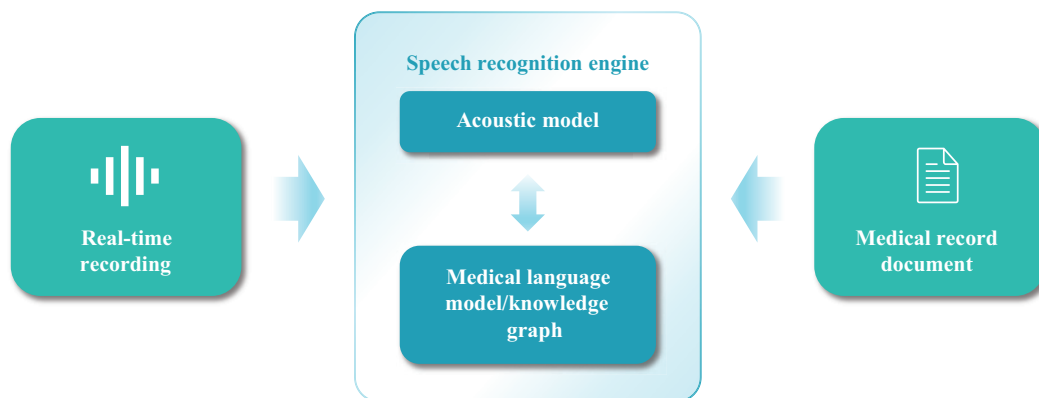
We implemented the audio medical record transcription system for Peking Union Medical College Hospital. We source microphones from suppliers, develop the software in-house, and then deliver the product as a software bundled with the microphones. The system provides sub-scenario support for over 40 clinical and medical technical departments throughout the hospital. The voice recognition improves the input speed significantly, with an accuracy rate of over 98%. The system delivered an outstanding service especially in departments with higher demand for accurate and delicate medical record, such as neurology, immunology, hematology and general internal medicine, where the doctors are able to spend more time communicating with patients.





How AI technologies enabled this

The essence of the voice electronic medical record product is to convert the doctor's voice into the appropriate text and to ensure the accuracy of the conversion. With AI technology support, doctors do not have to type at a rate that could easily be lower than 60 words per minute. Instead, they can enter the same information by speaking at a rate as high as 180 words per minute, thereby greatly improving the medical record entry efficiency and saving doctors time spent on logistics tasks. With specialized knowledge including acoustic knowledge and medical linguistic knowledge, we train a dedicated AI algorithm model to function as the core module of the audio medical record transcription system, as illustrated in the following chart.



When the doctor says the contents for the medical record, the voice is fed into the speech recognition engine in real-time. The speech recognition engine queries the acoustic unit and the medical language unit (which contains the information of the medical knowledge graph), and matches the voice input to the corresponding text and outputs the text. Such process is equivalent to an AI assistant understanding a doctor's voice output and transcribing it.

Hospital Service Solutions: Our hospital service solutions achieve comprehensive patient care including robot guide, registration and follow-up.

BUSINESS

- **Robot guide:** The medical robot guide integrates traditional hospital reception desk processes and offers one-stop consultation services for patients. It interacts with patients, inquires symptoms and guides them to relevant departments according to patient's specific issues. We also intend to leverage UniGPT capabilities to upgrade robot services and achieve full digital coverage of treatment processes.
- **Registration:** With our intelligent voice interaction and registration system, we offer patients with remote access to registration and submission of preliminary medical information through a human-machine dialog.
- **Follow-up:** Our follow-up system schedules and conducts automated follow-up with patients after their discharge from the hospital. It records patients' health condition, sends reminders for re-visits. The system also provides health guidance to patients including medical, nursing and rehabilitation measures after discharge from the hospital.

We are also in the process of developing the below pipeline products based on our UniGPT:

- **Upgrading of existing products based on multimodal large models:** With the strengthened performance of LLM technology in data understanding, extraction, standardization and generation, the data adaptation, intelligent analysis, and user interaction capabilities of existing products are enhanced.
- **CDSS products based on multimodal large models:** We are further developing our CDSS products such as multimodal medical imaging quality control based on the capability of UniGPT in understanding and analyzing multimodal medical data, and with the support of mapping technologies.

Medical Quality Management

We offer a broad range of medical quality management solutions for hospitals and insurance companies to improve their service quality and ensure compliance with relevant regulations through AI-empowered enhancement. Leveraging our experience in the healthcare area, we have combined our AI capabilities with the business systems of the relevant institutions to achieve comprehensive management of service quality. Our medical record quality control solutions apply AI capabilities to understand the content of medical records and other medical data, analyzes the doctor's decisions, and performs defect checking and alerting. The system improves the quality of medical record, medical service quality, professional performance in key departments, compliance with medical insurance regulations, and cost control. We also help hospitals provide higher quality and safer treatment services through provision of service supervision solutions, and also meet the corresponding regulatory requirements. We provide payment management solutions to hospitals and insurance companies to manage their medical insurance payment. In addition, we also provide innovative applications supported by medical knowledge graph.

Medical Record Quality Control

Leveraging our NLP technology and medical knowledge graph, we offer medical record quality control platform that supports medical record review, decision making and case summarization by the doctors, providing them with convenient and intelligent medical record review and analysis tools. We improve the process of medical record quality control by applying AI capabilities to understand the medical records and perform defect screening to address the deficiencies in medical records.



Our medical record quality control platform provides feedback from the perspective of accuracy, completeness and timeliness through intelligent cross-checking and verification of medical record compliance requirements. The platform also helps the professionals identify conflicts and missing information in the medical records based on the knowledge graph with respect to the concerning disease, enabling the professionals to timely correct and make amendments.

In addition, the medical record quality control platform assists to improve the internal quality control workflow. It automatically conducts statistical analysis on the quality of medical records by evaluating the completeness, correct rate of major diagnoses, defect number and other performance data, offering decision support for quality control policy formulation and improvement.

Use Case 6

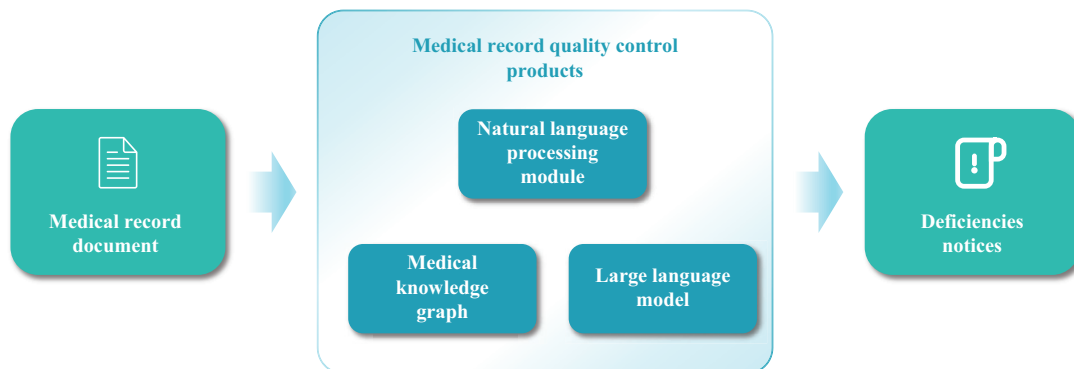
We offer a medical record quality control system through application software based on browser/server architecture for Beijing Friendship Hospital to help doctors screen for medical record defects, standardize medical record writing style, improve medical record quality, and enhance the quality and safety of medical treatment. Our system performs periodical quality control of medical

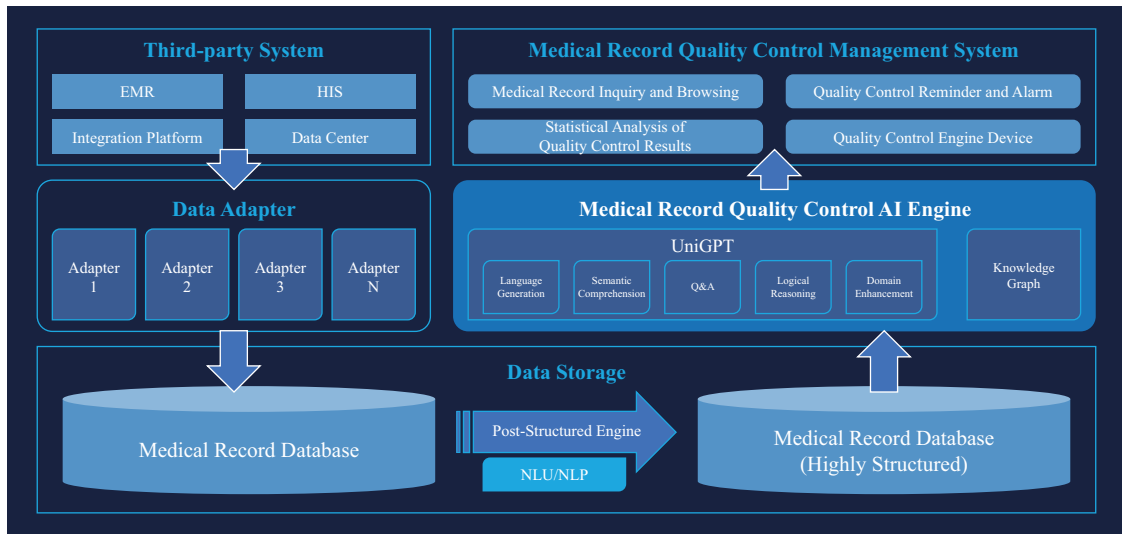
records during the patient's hospitalization and final quality control of medical records after the patient is discharged, and automatically rates the quality. With the huge number of patients discharged from the hospital, our system covers the entire quality control process, from paperwork review and defects detection to targeted verification of defects automatically screened by the system. The system substantially improves the efficiency and effectiveness of the medical record quality control work. The coverage of medical records has increased from 2-5% to 100%, with an accuracy of over 90% and a detection rate of over 85%.

How AI technologies enabled this

The essence of the medical record quality control product is to (i) analyze the natural language text of the medical record; (ii) extract the key information; (iii) enquire the built-in medical knowledge graph with key information; and (iv) identify illogical or unreasonable items and provide feedback to the doctors. This process is essentially similar to a medical expert reading the medical record and reviewing its content for irregularities.

For the product to read the medical record, we first developed a natural language processing module that allows AI to process text written in human language patterns and convert it into structured content elements that can be easily processed by the machine. Subsequently, AI compares these elements with the built-in medical knowledge graph to identify potential contradictions and irregularities among the elements. The complexity of this comparison process goes beyond simple text and data matching, and is supported by a wide range of AI technologies such as natural language processing and large language model perception and generation capabilities, as illustrated in the following chart.





智能病历质控系统

[首页](#)
[住院病历](#)
[统计分析](#)

潘晋勇 医师

机器质控 57分

二级质控

三级质控

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副主任医师查房记录20...

主治医师查房记录2018...

主治医师查房记录2018...

术后首次病程记录2018...

主治医师查房记录2018...

出院病程记录201811...

会诊记录单信息

返回

查看日志

住院号: 0000435352

姓名: 潘晋勇

性别: 男

年龄: 63岁

科室: 呼吸科一

评分: 57

评级: 丙

设置(机器质控已隐藏)

首次病程记录

XXX 医院

首次病程记录

姓名: 潘晋勇

科别: 呼吸科一

病区: 503呼吸1

序号: 37

住院号: 0000435352

记录日期: 2018-11-12 15:13

病例特点:

- 患者潘晋勇，男，63岁，因“反复咳嗽、咳痰、气促30余年，加重1周”入院。
- 患者30余年前受凉后出现阵发性咳嗽，晨起明显，伴咳少许黄白粘痰。未予重视和治疗，后秋冬季及天气变化时反复发作，多次至当地医院治疗，每年发作3-4次。曾多次至我院就诊，行肺功能、心脏彩超等检查明确诊断为“慢性阻塞性肺疾病”。平素吸入“舒利迭(1吸/qd)”等药物控制，症状控制可；2018-06-26于南京军区总医院就诊血常规提示“嗜酸性粒细胞百分数23.1%、淋巴细胞百分数11.9%、CRP54.3mg/L、白介素-6 24.13ng/L、肿瘤标志物示CA125 81.2U/ml、SCC 2.96ng/ml；2018-06-28细菌培养+药敏未见致病菌生长，真菌G、GM实验阴性，结核感染T细胞检测大于400pg/ml，ESR 60，痰找结核杆菌、真菌培养+药敏阴性，IgE大于1000IU/ml，支气管舒张试验示：1、重度混合性肺通气功能障碍2、支气管舒张试验阴性。胸部CT示1、左肺上叶及右肺中叶多发软组织肿块，考虑感染2、右肺上叶尖段陈旧性结核可能3、右肺上叶及右肺下叶支气管扩张伴感染4、左肺下叶胸膜下小结节5、纵膈及右肺门可见多发肿大淋巴结。07-02气管镜检查未见明显异常，考虑诊断“肺部感染、变态反应性支气管炎曲霉病”，予左氧氟沙星联合比阿唑南抗感染、氨溴索祛痰、雾化吸入改善肺功能等治疗后好转出院。后患者病情反复，再次就诊江苏省中西医结合医院。2018-08-16查血常规提示WBC 15.77*10⁹/L、中性粒细胞14.72*10⁹/L予伏立康唑抗真菌、甲强龙抗炎、抑酸护胃等治疗，好转出院。2018-09月因发热伴咳嗽在我院予左氧氟沙星抗感染、拜新同降压、立普妥调脂、波立维抗凝治疗，09-25复查IgE、ESR较前下降，好转出院。患者1周前

病例特点中有【左氧氟沙星】过敏史，诊疗计划中有交叉过敏的同类药物【盐酸莫西沙星】

住院病历 >> 病历质控 >> 病历列表 >> 病历详情

云知声智能病历质控系统 4.2.0.3

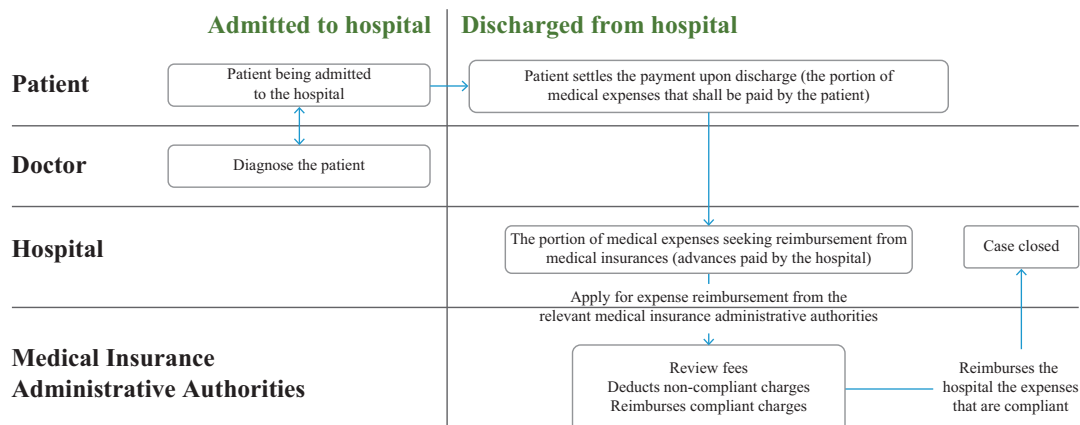
Service Supervision

We offer the single-disease data reporting system, which is a quality control platform for single disease that comprises functions of reporting on the individual disease, indicator evaluation on the single disease and treatment process management for the single disease. This system aims to help hospitals automate relevant data reporting processes and improve the quality of diagnosis and treatment of single diseases. See “- Overview - AI Application Solutions.”



Payment Management

When a patient is in hospital, doctors’ diagnosis and treatment incur the corresponding medical expenses. When the patient is discharged, the patient settle the portion of the medical expenses that they are personally responsible for, and does not pay the portion of the medical fees covered under medical insurance, which is advanced by the hospital. After the patient is discharged, the hospital applies for reimbursement from the relevant medical insurance administrative authorities for the portion of the medical fees covered under medical insurance, that is, the sum advanced by the hospital. The relevant medical insurance administrative authorities review the hospital’s reimbursement application, deduct non-compliant charges, and only reimburse compliant charges. After the relevant medical insurance administrative authorities complete the review, they reimburse the hospital the portion of medical fees that is compliant.

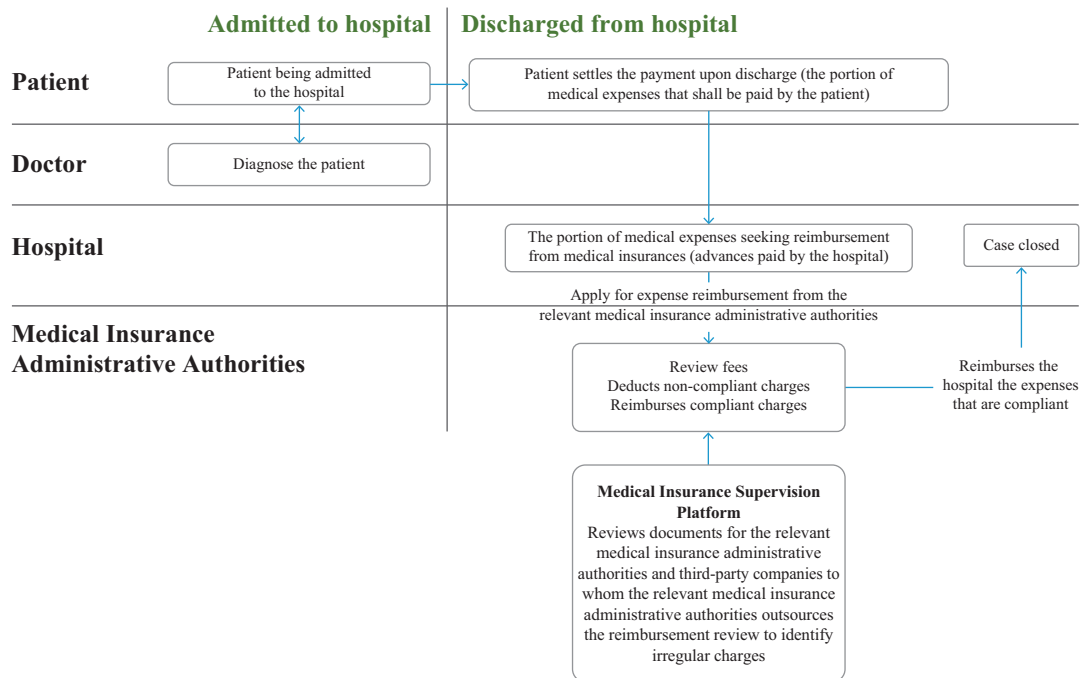


BUSINESS

We have developed Medical Insurance Supervision Platform and Medical Insurance Payment Management System for Hospitals, which are both intelligent application systems for the reasonable use of the medical insurance fund.

Medical Insurance Supervision Platform

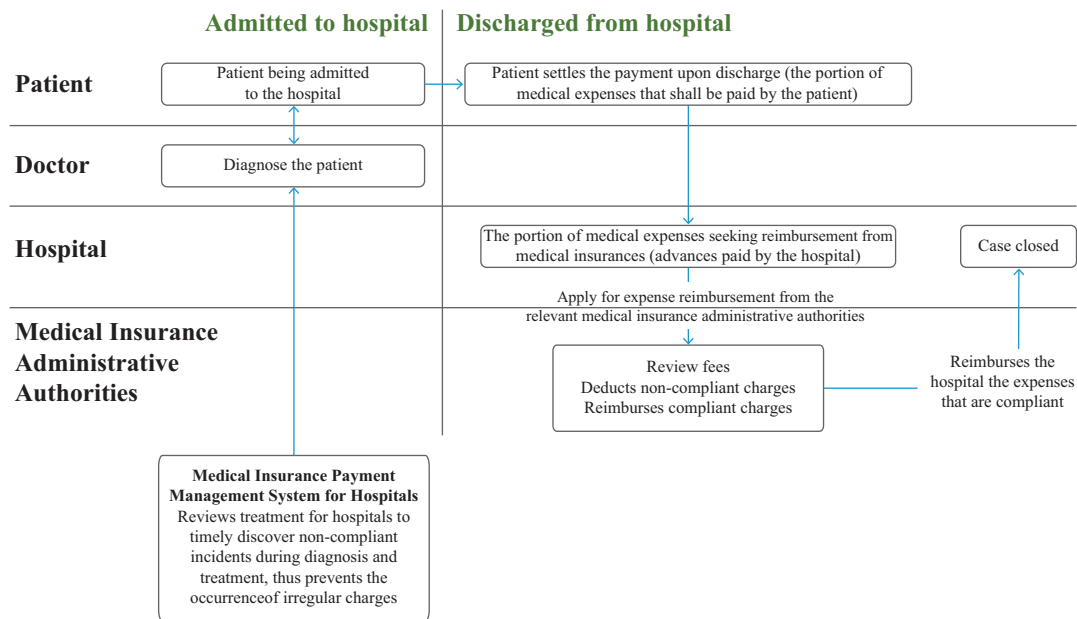
The social medical insurance fund supervision platform helps the relevant medical insurance administrative authorities and the third-party companies to whom such administrative authorities outsource the reimbursement review to identify irregular charges. It is supported by a medical rule database developed based on national, provincial and municipal medical and health-related policy documents, clinical knowledge base and expert review results of medical insurance records. It applies AI technology to automatically review the documents uploaded by medical institutions to accurately identify the documents with issues of insurance fraud and irregularities, such as excessive medical treatment, duplicate examinations and misuse of drugs.



BUSINESS

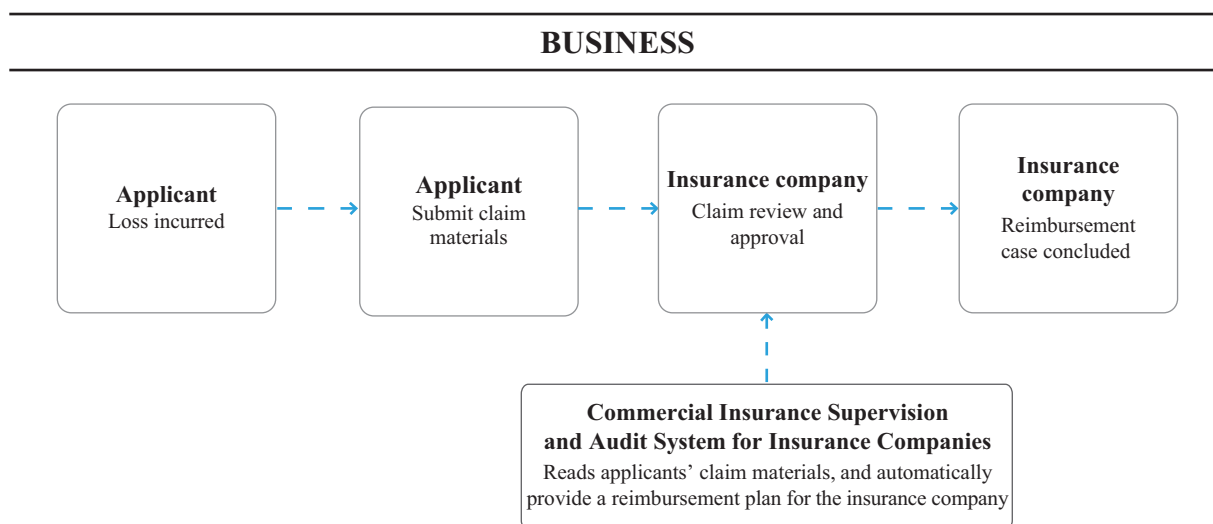
Medical Insurance Payment Management System for Hospitals

Our social medical insurance payment management system provides decision support for hospitals in maintaining compliance with diagnosis, treatment and disbursement regulations, especially for the compliance for the reimbursement from the relevant medical insurance administrative authorities. Through intelligent analysis of medical and fee records during the treatment, the system automatically audits treatment and disbursement processes, examines the consistency of treatment and charges, and helps hospitals and doctors to identify non-compliance issues. Such issues normally include repetitive and non-compliant medication, excessive treatment, bundle sales, and medication, treatment and examination without indications.



Commercial Insurance Supervision and Audit System for Insurance Companies

Based on the best practices accumulated in medical insurance fund supervision and auditing, we extend to other business areas of commercial insurance, such as supervision and auditing of personal injury cases for auto insurance. We offer commercial insurance companies with intelligent systems for auditing and statistical analysis of policy claims, using natural language understanding, knowledge graph and other technologies. Specifically, for commercial insurance claims, an applicant's claims need to be reviewed to determine whether the claims should be settled or be rejected, as well as the amount to be settled. The review was typically done manually. However, with our commercial insurance supervision and audit system for insurance companies, the applicant's claim materials can be processed automatically, and a reimbursement plan will also be generated automatically, thereby improving the efficiency of commercial insurance reviews.



Medical Knowledge Graph

With our deep learning capabilities, we establish the structure of knowledge graph in the healthcare industry based on a medical concept hierarchy, according to the international medical terminology sets. We build the knowledge graph using information extracted from authoritative medical texts such as clinical guidelines and drug instructions, combined with clinical practice knowhow, and draw connections between concepts and facts.

We are also in the process of developing the below pipeline products based on our UniGPT:

- **The Upgrade of Existing Products Based on LLM:** Leveraging on the excellent performance of large language model technology in data digestion, extraction, standardization, and generation, we can substantially enhance the data adaptation, intelligent analysis, and user interaction capabilities of our existing products.
- **CDSS Product Based on LLM:** Based on UniGPT's capability to understand and analyze multimodal medical data, with further support of clinical knowledge graph, we are developing our CDSS product integrating medical record documentation quality control, medical service quality control and medical insurance cost supervision, with the same user interface as the medical quality management solutions, providing a comprehensive and unified decision support system for doctors and hospital managers.

ATLAS AI INFRASTRUCTURE

Our Atlas AI infrastructure supports our research and development through large-scale machine learning and big data processing capabilities. It is underpinned by its (i) intelligent computing cluster, (ii) machine learning algorithms, and (iii) data-centric model training:

- **Intelligent Computing Cluster:** Our intelligent computing cluster provides unified management and dynamic scheduling of computing power for simultaneous model training on large data. The efficiency and flexible scalability of the computing power of our intelligent computing cluster constitute our core competitive strengths in advancing our AI algorithms, models and solutions, especially for large language models. Currently, the total computing power exceeds 184 PFLOPS, with storage capacity of over 10PB, both of which can be expanded without interrupting training tasks.
- **Machine Learning Algorithms:** Leveraging the intelligent computing cluster, we can explore cutting-edge machine learning algorithms for speech, language, knowledge and

visual models, and evaluate their performance on standard benchmark and large-scale application data. After completing the validation of new algorithms, we will quickly upgrade our AI engines, training tools and related models to maintain our technological leadership advantage. Our machine learning algorithms serve as our core method for producing high-precision AI models and optimizable AI engines.

- **Data-centric Model Training:** With advanced machine learning algorithms and efficient intelligent computing cluster, we have built a data-centric model training platform, empowering industry-level applications and performing rapid model iteration and fine-tuning. The platform is critical for efficient AI model evolution, especially for large language model, which has significant demand for parallel computing, and needs to be trained by large-scale high quality training data. We accelerate training process by parallel computing of data, model and pipeline, improving theoretical efficiency of hardware to more than 50% (as compared to less than 40% efficiency without pipeline parallelization). The platform also provides important and efficient de-duplication, de-noise and selection of 10TB-scale data to improve the quality and diversity of training data.

OUR CORE AI TECHNOLOGIES

One of the key factors that distinguishes us from peers is our Atlas AI infrastructure. This AI infrastructure performs (i) the dynamic dispatch of computing power resources based on shifting business demands; (ii) the initial training of large language models based on massive volume of data; and (iii) efficient optimization guided by selected high-quality user feedback. Based on the Atlas AI infrastructure, we built our central technology platform, UniBrain, with UniGPT as its core, encompassing the closed-loop human-machine interaction from signal perception to semantic understanding, knowledge graphs, reasoning and decision-making which ends with generation of responding information. On top of our core conversational AI technologies, we have expanded to multi modal perception and generation capabilities including facial recognition, OCR and audio-visual synthesis (AVS), continuously enhancing our core AI technologies. We house the following proprietary core AI technologies:

Large Language Model (LLM)

Our large language model UniGPT is the core of UniBrain, which determines the cognitive and business processing capabilities of the system and is the key to our MaaS-based business model. The large language model builds powerful general-purpose basic capabilities through unsupervised pre-training, instruction fine-tuning and RLHF. Underpinned by plug-in extension, domain enhancement and customization, we have facilitated the on-the-ground application of large language model across industry verticals.

- **Building General-purpose Capabilities:** It is a key step toward the new paradigm of AGI. Through unsupervised pre-training of massive text and code data, as well as instruction fine-tuning and RLHF technologies, our large language model is capable of language generation, semantic understanding, knowledge Q&A, logical reasoning, mathematical calculation and code generation, providing flexible responses to various tasks and achieving human-like AGI capabilities.
 - **Unsupervised Model Pre-training:** We have established a GPT model training framework with trillion-level Tokens and 60 billion-level parameters. Such framework supports parallel training acceleration, including parallel mechanisms for

data, models and pipelines. We have established a watch-dog system for checking the operational status and healthiness of model training. Through unsupervised pre-training of massive text and code data, we have trained a powerful general-purpose base model, laying the foundation for subsequent instruction fine-tuning and RLHF.

- **Instruction Fine-Tuning:** By introducing instruction fine-tuning technology, the large language model can understand human intent and handle various language-related tasks, including language generation, semantic understanding, knowledge Q&A, logical reasoning, mathematical calculation and code generation, building a helpful and powerful model with general-purpose capabilities. It also supports LoRA, low-rank adaptation of large language models, a training method that accelerates the training of large language models while consuming less memory, and other parameter efficient fine-tuning mechanisms, which can perform instruction fine-tuning efficiently and thus swiftly extend the model capabilities.
- **RLHF:** The introduction of reinforcement learning from human feedback (RLHF) technology makes the generated results of the large language model as useful, factual and harmless as possible, thus achieving alignment with human values. First, a reward model is trained to fit human preferences based on human comparative ratings of the results generated by the model. Then, using the reinforcement learning framework, the model parameters are set as strategies, and the PPO (Proximal Policy Optimization) algorithm is used to conduct multiple iterations to optimize the model parameters and enhance the safety compliance of the model.
- **Professional Capability Enhancement:** On the basis of the general-purpose large language model, when faced with professional problems of specific industries, we also introduce plug-in extension, industry enhancement and customization to effectively integrate real-time information, industry knowledge and enterprise data, reducing the shortcomings of the large language model in terms of timeliness, accuracy and professionalism and enhancing the capability of the UniBrain to solve professional problems.
 - **Plug-in Extension:** The large language model is not omnipotent by itself. It lacks real-time information capture capability, certain professional tools and third-party services, such as the ability to conduct complex calculations, order food delivery and complete payment for online shopping. We provide plug-in extension framework and developed several built-in plug-ins, such as calculators, weather queries, neighborhood queries and web search plug-ins. The plug-in extension capability allows the large language model to access real-time information, supporting the model to act as a brain hub to access external tools and achieve planning, collaboration and completion of specific tasks. It can also access knowledge-based plug-ins to reduce model hallucination.
 - **Industry Enhancement:** When applying the large language model to a specific industry, we would conduct domain enhancement to optimize its intra-domain performance. We have a set of methodology for domain enhancement, including (i) increasing the training of domain-specific high-quality text data in the pre-training phase; (ii) increasing the fine-tuning data corresponding to industry-specific tasks in the fine-tuning phase; and (iii) using the plug-in extension framework to make available multiple knowledge-based plug-ins based on the industry knowledge graph and embedding them into the large language model, which can greatly reduce

incorrect responses generated by the large language model and significantly improve the information quality and professional capabilities of the large language model. Based on this methodology, we are in the process of training industry-specific large language models for the medical, financial and legal industries.

- **Customization:** We can provide multi-level large language model customization services for customers, including (i) accessing customer's network to build an enterprise-level conversational search engine; (ii) using the plug-in extension to encapsulate customer's internal private data and services as plug-ins, permitting the large language model to integrate the internal data and service APIs of the customers; (iii) using the task-oriented annotation data accumulated by the customer to provide a fine-tuning API for the large language model, making it possible for the customer to conduct customized fine-tuning of the large language model, thereby improving its efficiency; and (iv) based on the large language model construction and management platform, we provide customers with one-stop services from data selection, model training to model deployment, operation and maintenance, making all the large language model capabilities available to the customers.

Technology Application

Daily Life: Interaction systems using traditional technologies often struggle to understand natural language expressions of users. For a well-calibrated system, even minor changes in user expression or the need to use contextual relations could easily lead to system failures. Large language models have remarkable advantages in understanding and generating natural languages. They enable a human-machine voice interaction system to more easily cope with varied user expressions and produce more human-like responses, giving users the feeling that the machine truly understands their needs.

Healthcare: Take medical record generation as an example: Traditional technologies have limited abilities in summarization and generation of natural language content. For summarization, traditional technologies follow a fixed, preprogrammed workflow, requiring the machine to understand the original content step by step, extract the key points and then assemble a rigid and mechanical summary. Any changes or irregularities in the natural language content may also cause failures. However, large language models adopt a more human-like and flexible process instead of an explicit and rigid process. Guided by reasonable prompts, large language models can automatically generate summaries. The summaries so generated better cater to the user needs, have clear viewpoints and are fluently written. The quality and utility are significantly superior to traditional technologies.

Industry-scale Knowledge Graphs

Industry knowledge graph is a core component for cognitive intelligence, which when combined with UniGPT can effectively improve the accuracy and reliability of industry knowledge and solve industry problems. We established our industry-scale knowledge graph management platform to support the whole life cycle management of knowledge graphs, including construction, fusion, storage, service and interaction. We have built our industry-scale knowledge graphs through extracting key industry concepts and technical terms from large volume of unstructured data we process, such as in the form of voice and speech, into industry-specific knowledge and insights through three steps:

- **Standardizing:** Through repeated extraction of similar and high-frequency industry concepts and technical terms, our knowledge graphs achieve automatic categorization and

identification of standardized concepts with autocorrect for misreading and typos. Once established and recorded in the knowledge graphs, standardized industry terms can be used to identify specific hit words with the same or similar meanings in the speech and texts in different scenarios with different dialects and handwritings. The more services we provide to a specific industry, the more data we process and the more sensitive and accurate our knowledge graphs become to identify the professional speech and thesis based on the standardized concepts it established.

- **Layering:** With the industry-scale database of standardized concepts, our knowledge graphs further provide layered and tree-structured directory of concepts to further clarify the different levels of concepts and sort out the relationships between terms within the same group. For example, hepatitis and liver cancer are both under the higher-level liver disease category, while hepatitis A and hepatocellular carcinoma are one level below under each of the hepatitis and liver cancer category, respectively. With clear delineation of the layered concepts and terms, our knowledge graphs establish structured encyclopedia for specific industries and scenarios.
- **Associating:** Built upon the accumulated achievements of standardizing and layering, our knowledge graphs further support the key step of associating to utilize the professional term database and encyclopedia. Connecting the different concepts under different knowledge groups across different practice areas within the same industry, our knowledge graphs support both understanding of long and difficult speech and thesis with mixed concepts and automatic creation or summarization of structured speech or texts in response.

Technology Application

An industry knowledge graph, in essence, is a structured and tagged presentation of knowledge within a specific industry. This structured and tagged knowledge is organized in certain form (graph), creating a non-relational knowledge database. Through this process, complex unstructured industry knowledge is transformed into a clear, structured format that can be processed by machines.

Daily Life: Common knowledge about people's lives, various rules and systems of architectural spaces can all be structuralized and graphed. When performing human-machine interaction or space IoT management tasks, AI can refer to the content in the knowledge graph, allowing the system to provide reasonable, effective and specific responses. For example, location information of subway stations can be pre-stored in the knowledge graph. When a user inquires the location of the restroom, the system, after understanding the inquiry, can retrieve the information from the knowledge graph and then use natural language generation to produce text information and deliver such information to the user via voice response.

Healthcare: Traditional medical knowledge is stored in numerous articles and thesis in a fragmented manner, forming a massive matrix of unstructured text. When humans handle medical cases, they need to spend years studying in advance, absorbing knowledge and then retrieving relevant knowledge to make diagnostic decisions when dealing with cases. The process for machine learning is similar to that of human learning, but at a much greater scale and efficiency. Machines first "understand" medical texts, structuralize and tag the knowledge, and store it in the medical knowledge graph. During subsequent applications (such as medical record entry, medical record quality control or diagnosis assistance), the machine retrieves relevant knowledge from the knowledge graph and compares it with the current application case. Based on the knowledge content, it provides process management and decision-making support.

Multi modal Perception and Generation

Our multimodal perception and generation cover the chain of communication that starts from perception of external signals and ends with production of signals from response, facilitating the AI-enabled communication methods supported by our conversational AI core technology. In addition to our core conversational AI technologies, we have also developed multimodal capabilities such as facial recognition, OCR (Optical Character Recognition) and Audio-Visual Synthesis (AVS).

- **Multimodal Perception**

- **Speech Signal Processing:** Based on array and deep learning technology, our signal processing technology provides high-performance human-machine voice interaction and phone call noise reduction under different scenarios, covering a variety of far and near-field array processing solutions with different number of microphones, and achieves echo cancelation, sound direction finding, spatial filtering and reverberation suppression. By separating the speech signal from various noise disturbances, it improves the listening effect and speech recognition accuracy.
- **Voice Wakeup and Command:** Voice wakeup is the first step to initiate voice interaction with AI devices. We use deep learning-based model and fast customization scheme to optimize the model structure, using training data covering different ages, gender, accents, speech rates, environmental noises and other complex conditions to improve model accuracy and robustness. Using decision-making algorithms for confidence measures, our voice wakeup technology has high activation rate and low false alarm rate. With model compression, quantization and other engineering optimization, the resource and power consumption were reduced significantly, so that our voice wakeup engine can run on a variety of low-power devices, greatly expanding the use of voice interaction.
- **Speech and Speaker Recognition:** As an important part of human-machine interaction systems, speech and speaker recognition technology converts speech into transcriptions with speaker identification. Based on end-to-end Transformer and hybrid architecture and trained by large-scale speech and text corpus, our proprietary speech recognition systems can achieve above 98% recognition accuracy under normal conditions. When integrated with powerful SSP frontend and trained by multi-condition and task-related data, the robustness of recognition under complex conditions can be improved significantly. Meanwhile, with speaker diarization and voiceprint verification technologies, we can identify and separate multiple speakers in speech streams with high accuracy.
- **Speech Analysis and Multimodal Capabilities Expansion:** On top of our speech processing and recognition technologies, we have developed speech analysis technology for pronunciation assessment for spoken language learning scenarios. We also developed facial recognition technology for multimodal personalized human-computer interaction, as well as OCR technology for various printed documents information processing, which are widely used in Healthcare solutions.

- **Multimodal Generation**

- **Text-to-Speech:** Our text-to-speech technology transforms original input texts into natural, high-quality and personalized voice sound waves. Based on deep learning and end-to-end speech synthesis technology, our text-to-speech technology accurately

converts text into clear, natural and fluent speech in real time, with a MOS score of 4.2. We build the text-to-speech system in a quick and easy way which requires minimal human involvement. Our personalized speech synthesis approach converts and adjusts the existing source model using a small amount of speech dataset of the target speaker, so that the adjusted source model contains the timbre of the target speaker. We provide offline and online synthesis with multi-timbre optional, and an option for customized personal timbre based on a library of 20-300 sentences.

- **Multi-modal Audio-visual Synthesis:** Our audio-visual synthesis technology develops on top of our text-to-speech capabilities, creating avatars that facilitates intelligent human-machine interactions covering natural language facial expressions, hand gesture, pose and gaze. By offering customized avatars with different styles and personalities, we enhance users' interactive experiences and provide intelligent assistance functions for video creation.

Technology Application

Daily Life: Consider a typical human-machine interaction case, such as a ticketing machine of the Shenzhen Metro Line 20. The machine uses computer vision to perceive whether there is a user in front. If a user is detected, the dialog function is activated; if not, the machine remains silent. Once activated, the machine uses a microphone array to capture the user's voice, analyze the content of the speech, understand the user's intent and provide response or perform the corresponding operation. This is a typical process of multimodal perception. During the dialog with the user, the machine can perform certain operations, display results or text on the screen or provide hints and feedback to the user via voice. This is a demonstration of multimodal generation technology.

Healthcare: Voice electronic medical record entry is a typical voice input scenario. The machine perceives the doctor's voice through the microphone and extracts the effective information from the voice to form text. This is the speech perception part of typical multimodal perception. In the Healthcare scenario, AI outputs corresponding text to provide suggestions to doctors. Additionally, AI analyzes the text content entered by doctors, such as the dialog between the doctor and the patient, the original medical records, to create more concise and standard text content, i.e., medical summaries. These are typical cases of voice and text multimodal generation.

One-stop IoT Interconnection System

We have established our unique one-stop IoT interconnection system where all the relevant spaces, devices, users and services are interconnected for specific application scenarios to redefine the organic interactions among people, events and objects.

- **Spaces:** Spaces set up the stage where all the events take place and for people to interact with different objects including IoT devices. Our IoT connection and support system is capable of interconnection with all applicable IoT devices in different space settings, from conference room, a whole hospital to the level of an entire industrial park. With our highly compatible system accessing and connecting hundreds or thousands of IoT devices, we blend our services seamlessly into the spaces to facilitate the natural human-machine interaction on the basis of our AI capabilities with conversational AI as core.
- **Devices:** IoT devices constantly generate valuable information in the form of huge quantity of unstructured data which requires accurate and timely deciphering. Our IoT

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connection and support system is compatible with all sorts of IoT devices, covering a broad range across handy devices such as microphones, mobile phones and speakers to large and complicated facilities including household electrical appliances, elevators and medical devices.

- **Users:** Our IoT connection and support system strives to provide seamless and intuitive user experiences for all the persons interacting with IoT devices within the spaces where our services are provided. With the goal of replacing manual labor to the extent possible, we streamlined and simplified the procedures for instruction input to facilitate a care-free interactive environment for the users. We export our conversational AI capabilities so that voice commands, which is the most natural and intuitive instruction method of human beings, can serve as the key instruction input for the relevant IoT devices to create insurmountable user experiences.
- **Services:** Combined with our AI capabilities and industry-scale knowledge graphs, our IoT connection and support system serves as the backbone of our multi-dimensional services. Through consolidated access to all the IoT devices for different application scenarios, our IoT connection and support system collects the unstructured data from such devices and provide them for processing through our AI engines with the support of our industry-scale knowledge graphs tailored to the specific industries and application scenarios.

Technology Application

This system is primarily used in Daily Life scenarios.

Consider home as an example: the endpoints of this system are various IoT devices, including execution devices such as lights, air conditioners and fans, and sensors such as temperature meters, action detectors and smoke detectors. The center of this system is the IoT system, and the endpoints and center are inter-connected via the Internet, among others. The system also comprises various terminals that interact with end users and various business systems that deal with operators, if any.

A typical use case is as follows: the user feels too cold and says to the interaction terminal via voice that the temperature needs to be raised. The system understands the user's intention and adjusts the temperature. Meanwhile, the temperature sensors at various locations continuously transmit data to the IoT center via the Internet. The AI center, according to the knowledge graph, determines that even if the temperature is adjusted according to the user's requirements, the temperature in some areas may still be abnormal. Therefore, it automatically files an anomaly alert to the work order system. The work order system then sends a work order to a specific maintenance personnel to check and resolve the issue.

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position. Compared to our industry peers, our products and solution have a competitive edge primarily as they utilize our advanced AI technologies, powered by our solid infrastructure and supported by our R&D and customization and productization capabilities. Our advanced AI technologies are continuously iterated while our AI models efficiently perform highly-automated self-reinforcement based on high-quality

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and massive data from real world scenarios and continuous user feedback, unleashing a fly-wheel effect. The performance of our deep learning algorithms and our technological strengths which set us apart from our peers were recognized in prominent awards. See “– Our Strengths – Early entrant in AGI Technologies.” As of December 31, 2024, our R&D team consisted of 322 employees, representing approximately 69.4% of our total number of employees. We incurred RMB287.1 million, RMB286.3 million and RMB370.1 million in R&D expenses in 2022, 2023 and 2024, respectively, representing 47.8%, 39.4% and 39.4% of our total revenue during the same years.

Development

We plan to focus our research on below areas of technologies:

Atlas AI Infrastructure

- **Intelligent Computing Cluster:** Continuously optimizing scheduling efficiency and improving platform computing, storage and communication capabilities to provide efficient support for elastic computational requirements;
- **Machine Learning Algorithms:** Following the latest advancement in machine learning algorithms to upgrade our main technologies after their successful testing and implementation in large-scale industry applications; and
- **Data-centric Training Approach:** Optimizing the computational framework for new algorithms and processing tools for industry data, improving compatibility with more machine learning algorithms and optimizing targeted main models efficiently.

Large Language Models (LLMs)

Following the frontier technology of multimodal LLM, as well as analysis, reasoning and decision-making technologies, continuously improving the capability of LLM, reducing platform’s cost on industry application, and improving industry knowledge and the efficiency of data scrolling.

Knowledge Graph

Diving into medical applications to solve more fundamental problems, backward chaining the evolution of core building, analysis and decision-making technologies for knowledge graph to improve the quality and efficiency of human-machine collaboration in solving professional problems.

Multi modal Perception and Generation

- **Multimodal Perception Technology:** Continuously improving the modules’ performance on aspects such as speed, accuracy, stability and cost-efficiency, improving the quality of data generation and simulation, and training effects and efficiency through the advantages of technologies, at the same time, expanding multilingual and multimodal perception capabilities to provide richer and more effective perceptual information for understanding.
- **Multimodal Generation Technology:** Improving the quality of speech and singing voice synthesis, as well as audio-visual synthesis technologies, and achieving creativity level requirements from accurate information conveyance to enrich expression capabilities such as multimodal, emotional and personalized effects.

R&D Collaboration

Our core technologies for industrial application are primarily developed by our in-house research and development team. As a supplement to our in-house research, we collaborate with academic institutions on research and development, technology innovation, and attracting and developing AI talent to support our rapid growth. We entered into a framework collaboration agreement with Institute of Automation of Chinese Academy of Sciences (中國科學院自動化研究所) (“CASIA”) in August 2020 (“**Framework Agreement**”), pursuant to which we agreed to collaborate on the following research: (i) knowledge map construction in accordance with the medical needs as well as the key technology and tools required for the knowledge map construction; (ii) quality control for medical records and proprietary medical system based on medical NLP and knowledge mapping technology; and (iii) low-resource NLP and its role in vertical markets. In our collaboration, we focus on the frontier research of AI and NLP technologies, typically guided by a different central topic each year. Under this collaboration, we recruit graduate students to conduct experimental researches on novel technologies which typically do not yet have clear commercialization prospects. We may jointly publish academic papers and apply for technology projects. Importantly, the collaboration serves as a means to identify, assess and cultivate young research talents. Based on the advanced scientific research level of the State Key Laboratory for Pattern Recognition, CASIA provides solid technology support for our R&D of intelligent interactive products, which enhance our competitiveness and market leadership. Meanwhile, we aim to create a positive research atmosphere for the collaboration to ensure that research objectives are practical, and in turn research results serve for practical applications. Pursuant to the Framework Agreement, we are responsible for funding of the collaborative projects, and bearing the relevant maintenance and operating cost of the joint laboratory. The ownership of intellectual property arising from the collaboration shall be determined on a project-by-project basis. CASIA mainly assists us in validating the effectiveness of new algorithms. During the Track Record Period, our frontier R&D collaboration with CASIA has not yet directly contributed to the development of core technologies of our existing products and solutions. Rather, the collaboration focuses on exploratory, academic researches which strengthen our technology reserves and may better prepare us for future market developments brought by emerging technologies or shifting research trends. As our collaboration did not yield any readily marketable product, its contribution to our direct or indirect revenue was insignificant.

We established the Joint Laboratory for Natural Human-Computer Interaction with Shanghai Normal University (“**Joint Laboratory**”), focusing on the improvement of our conversational AI technology. We aim to create innovative platforms for the students to support and encourage creative thinking and the sharing of new ideas, which will be conducive to attracting talents and injecting fresh blood with vigor and high quality into our team. All patents arising from the collaboration shall be jointly owned by Shanghai Normal University and us, while the university is entitled to utilize such patents for free.

DATA SECURITY AND PRIVACY

As advised by our PRC legal advisor as to data security law, we are subject to the laws and regulations relating to cybersecurity and data security protection, data privacy, and algorithm compliance as our products and solutions as well as UniGPT involve AI technologies and algorithms. We mainly process data related to customers and end users. See “Regulatory Overview — Regulations on Cyber Security and Data Protection” and “Regulatory Overview — Regulations and Policies on Artificial Intelligence Technologies.” We are committed to complying with these laws and regulations and have taken the following measures to comply with the applicable laws and regulations.

- **Data Privacy:** We process personal information of individual developers, the administrators and enterprises users of customers that use our Daily Life products and

solutions, and trial users of UniGPT. We set out privacy protection policies with our customers, and we require our customers to adhere to the privacy protection policies, and to implement the privacy protection policies at the product application level with the end users. In addition, if the products or solutions we deliver to customers include an interactive interface for end users, we ensure that the privacy policy is directly displayed on the interface to the end users. Our customers are responsible for ensuring compliance with privacy information collection notices and processes for end users, as stipulated in the privacy and confidentiality clauses of the agreements signed with us.

- For Daily Life products and solutions, we collect limited personal information from individual developers and enterprise developer administrators in certain business lines, such as AI capability API business and AI technology service platform business and solutions. Such personal information includes names, contact details, and other information necessary for the purpose of account registration and login, project process management tools, and other related services. In the course of provision of our services, such as hardware support, speech synthesis trials, and UniGPT trials, we collect end users' equipment ID and their uploaded content and inputs, such as text, voice and images, which have been desensitized and cannot identify the identity of the relevant users. These personal information and non-personal data have not been categorized as state secrets, core data, or important data by the applicable PRC laws and regulations. The end users' data are collected after obtaining their acknowledgement and consent to the terms and conditions of our data privacy policy. The data privacy policy states our data practices in information collection and usage, and that we do not use any data for any purpose other than those specified in the data privacy policy with our users. Our Healthcare products and solutions are delivered as standalone software through private deployments. We do not collect any personal information from our customers and their end users and such information is processed entirely by our customers.
- We engage third parties, if necessary, to analyze and annotate desensitized data. We also engage third parties to ensure data safety under service contracts, and conduct examination of their data processing from time to time. We leverage training data for ongoing model training, which excludes users' personal information, and therefore such data is not directly subject to the Group's data privacy policies. We have entered into contracts with training data providers pursuant to which we obtain confirmation from such training data providers that they have acquired data from legitimate source and that they have obtained the authorizations and rights to use such data for the purpose specified in the agreements. These contracts ensure that data resources used for training our AI models are legally authorized and comply with all applicable laws and regulations. In addition, we store user data for a certain period in accordance with PRC laws and regulations and our internal data storage guidelines, which specify our principles and procedures for data storage and destruction. We anonymize and desensitize the data of canceled users and users who have ceased services. We also establish and implement sound internal rules and procedures and adopt robust technical measures to safeguard the security of personal information.
- During the Track Record Period and up to the Latest Practicable Date, there had been no investigation, penalty, litigation or other legal proceedings against the Group arising from or in relation to any violation of data privacy laws and regulations that

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would materially and adversely affect the Group's business. The legal advisor as to PRC data security law engaged by the Group have reviewed the policies and procedures related to data privacy adopted by the Group and are of the view that during the Track Record Period and up to the Latest Practicable Date, the Company has complied in all material aspects with relevant data privacy laws and regulations.

- **Cybersecurity and Data Security Protection:** We use a variety of technologies to protect the data we collect, such as encryption, firewall, vulnerability scanning and log audit. For instance, we have a team of professionals who are dedicated to the ongoing review and monitoring of data security practices. We maintain data access logs that record all attempted and successful access to our data and conduct automated monitoring and routine manual verification of large data requests. We have implemented relevant internal procedures and controls to ensure the security of our IT infrastructure, that our data is protected and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure, or any material leakage or loss of data.
- **Algorithm Compliance:** We adopt a series of measures to comply with PRC laws and regulations related to algorithm and AI related:
 - We have conducted manually review and machine review on the input data and timely disposing any illegal or harmful information in these data and results. For the reviewing process, all input and output information must undergo full-scale machine review (such as automatic screening of sensitive lexicon). All data failing the machine review automatically enters a manual review process. The data that passes the machine review undergoes additional random manual checks. Output generation stops for any data that fails either machine or manual review. To further ensure the thorough and effective manual review and disposal of harmful information while maintaining normal customer service, we have engaged a qualified and experienced third party to provide personnel and technical support and cooperate with our staff to support round-the-clock manual review. The review personnel review responses according to the process, record review results and provide feedback. Furthermore, we continuously update and improve review standards and database of harmful information based on the latest review situation to ensure that the review standards comply with relevant laws, regulations, and ethical standards, while not arbitrarily refusing to respond to non-sensitive topics. We also conduct regular manual inspections and supervision of the review status and provide channels for complaints, feedback, and debunk, promptly address any interception errors or false, harmful information in output results reported by users to enhance review accuracy and service experience.
 - We have established and implemented internal rules and procedures with respect to algorithm security assessment and management. We require our developers and customers to comply applicable laws and regulations and will warn developers and customers, limit or suspend their usage, or cancel their accounts if we spot any illegal usage of our service by them.
 - We appointed an algorithm security officer to serve as the head of the Group's algorithm security management team to coordinate algorithm governance work. The algorithm security management team is formed jointly by key personnel from the

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Group's security department, product management, legal affairs, and government affairs liaison. Led by the algorithm security officer, the management team is responsible for developing comprehensive management systems for our algorithm services, implementing risk prevention and control measures, actively identifying and addressing potential security vulnerabilities, enhancing our ability to respond effectively to algorithm security emergencies, and conducting regular reviews, evaluations and verifications of algorithm mechanisms, models, data, generated content, and application outcomes.

- We have completed the algorithm filing for our algorithms used in our products and solutions with the CAC and the security assessment for our products and solutions related to UniGPT in accordance with the Measures on Generative AI Services. In accordance with the Measures on Generative AI Services, such filing and assessment apply to generative AI services with public opinion attributes or social mobilization ability. Although our services are not designed to possess these characteristics, we have prudently completed these procedures. This decision was made out of caution, given that the Measures on Generative AI Services are newly issued, it remains uncertain as to whether our services would be regarded as capturing features related to public opinion attribute or social mobilization ability, which will subject us to complete the algorithm filing and security assessment in accordance with relevant laws and regulations. Up to the Latest Practicable Date, we have not launched or delivered any new products or solutions that require separate assessment or filing.

Based on the foregoing, as confirmed by our legal advisor as to PRC data security law, our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in relation to data privacy, cybersecurity and data security protection and algorithm compliance in all material respects. Our operations and financial condition are not adversely impacted by these laws and regulations. Based on the independent due diligence conducted by the Joint Sponsors and having considered the views and basis of our Directors and our PRC legal advisor as to data security law as disclosed in this prospectus, nothing has come to the attention of the Joint Sponsors that would reasonably cause the Joint Sponsors to cast doubt on the reasonableness of the views of our Directors and our PRC legal advisor as to data security law in any material aspect.

INTELLECTUAL PROPERTY

We regard our proprietary domain names, copyrights, trademarks, trade secrets, and other intellectual property, critical to our business operations. We rely on a combination of patents, copyrights, trademarks, trade secret laws, and restrictions on disclosure to protect our intellectual property. As of December 31, 2024, we had 512 patents and 294 software copyrights in China.

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The table below sets forth our key IP rights and their respective technological significance to us as of the Latest Practicable Date:

<u>Patent Name</u>	<u>Patent No.</u>	<u>Intended Use(s)</u>	<u>Functions and Significance</u>	<u>Grant Date (dd/mm/yyyy)</u>	<u>Expiry Date (dd/mm/yyyy)</u>
A human-machine interaction system for multi-device autonomous decision-making	CN201910323610.8	Daily Life, including residence and commercial space	Core foundational technology enabling multi-device collaborative human-machine interaction in Daily Life solutions	02/03/2021	02/03/2041
A method and system for canceling reverberation	CN201910810308.5	Daily Life, including residence, intelligent cockpit and Healthcare such as voice-based electronic medical records	Foundational technology for far-field voice pickup in various scenarios, such as intelligent home and intelligent cockpit	17/12/2021	17/12/2041
A speech processing method and device	CN201610264283.X	Healthcare, including voice-based electronic medical record	Foundational technology for voice input-related products in Healthcare	31/03/2020	31/03/2040
A speech synthesis method and system	CN201810517280.1	Voice interaction products	Foundational technology for voice synthesis functionality across our product solutions	25/09/2020	25/09/2040
A speech intent recognition method, device and readable storage medium	CN202110616990.1	Voice interaction products	Foundational technology enabling machines to understand the intent or content of user speech in voice interaction products	28/02/2023	28/02/2043

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<u>Patent Name</u>	<u>Patent No.</u>	<u>Intended Use(s)</u>	<u>Functions and Significance</u>	<u>Grant Date (dd/mm/yyyy)</u>	<u>Expiry Date (dd/mm/yyyy)</u>
A method and device for deploying Heterogeneous supercomputing platform	CN202010317608.2	Foundational intelligent computing components	Core foundational technology for intelligent computing scheduling platforms used in neural network or large model training	28/02/2023	28/02/2043

For details, see “Appendix VI – Statutory and General Information – Further Information about our Business – Intellectual Property Rights.”

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. We have established an intellectual property management department and designated staff to oversee and manage our intellectual properties. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause and a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works. We will actively monitor and pursue claims against any unauthorized use of our intellectual property. In addition, to avoid claims for intellectual property infringement from third parties, our internal control measures require that we obtain necessary licenses or permissions from the right owners for our products and solutions development, and explicitly stipulate the ownership of intellectual property in any R&D collaboration agreements with external institutions.

As of the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties’ trademarks, licenses and other intellectual property rights in China.

SALES AND MARKETING

Our Sales Network

We sell our products and solutions through our direct sales team.

As of December 31, 2024, our sales team consisted of 81 employees with extensive industry experience and in-depth expertise of our AI-based products and solutions. Depending on different features of our offerings, our sales cycles may vary. See “– Our Offerings – Daily Life – Solutions – Key Features of Our Daily Life Solutions Offerings” for an example of our typical sales cycles. Our sales team generally sets annual and quarterly sales plans for effective and systematic execution. Our sales team holds an annual year-end meeting to determine the overall annual sales plan for the next year, including sales tasks, assessment indicators and more detailed sales plans, taking into consideration of the customers types, market conditions, latest changes in the industry and competitors. We have implemented strict policies and internal procedures to regulate our sales team and their conduct during the sales of our products and solutions, and ensure their compliance with relevant regulations. For example, we prohibit the unauthorized quotation provided by our sales personnel which is below the guided price.

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Our customers include enterprise customers of our products and solutions, as well as system integrators and agents engaged by certain of end users.

Some end users engage system integrators when selecting suppliers or service providers. Usually the end user lays out the goals it plans to achieve and the budget for the project and engages a system integrators who provide various types of assistance in project implementation, such as advising on financing plans, selecting suppliers, managing construction and integrating the work products of different suppliers. Such system integrators help end users build a one-stop intelligent system which may comprise various modules and functional units from different suppliers, including AI products and solutions. System integrators directly negotiate with suppliers or service providers, but the end users typically approve the supplier selection, especially for core suppliers such as AI service providers.

Some of our end users, in line with industry practice and their procurement policies, would engage procurement agents for the detailed procurement plan and execution after selecting us as their end supplier. We would then enter into contracts with such agents.

Under our contracts with system integrators or agents, the payments are made to us by the system integrators or the agents, and therefore we recognized them as direct customers in accounting treatments.

Importantly,

- system integrators or agents are not distributors that we engage to broaden our sales channels; rather, they are agents selected by our end users to implement their projects;
- the end users, instead of the system integrators or agents, typically control the selection of the supplier;
- as stipulated under the contracts, the products and solutions are directly delivered to certain specific end users instead of being resold by the system integrators or agents to unspecified end users, and given that our products and solutions typically are tailored to end users' use cases, the system integrators or agents will not be able to repurpose the products and solutions for other end users; and
- regardless of whether our contracts were entered into directly with our enterprise customers or with such system integrators or agents, there is no material disparity in contract terms and the scope of our services.

Given the above, we believe that (i) the system integrators or agents do not have the typical characteristics of distributors, as such term is defined under Chapter 4.5 of the Guide for New Listing Applicants published by the Stock Exchange; (ii) our sales to system integrators or agents is not under a distributorship model; (iii) their involvement as our direct customers does not raise any concern in relation to channel stuffing; inventory risk, cannibalization or recoverability of accounts receivables.

Our internal control measures can ensure that all the services were purchased by the system integrators and agents on behalf of the customers, as we typically (i) confirm with the customers the information of the end users at the time of signing the contract, (ii) perform Proof of Concept (“POC”) testing at the end user's site before the delivery and implementation as the projects require, (iii) keep record of employees' work travels and working hours, which can help verify information about the end

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user. In addition, some contracts will also stipulate the name of the end user and the end user's delivery and implementation location. The following is an illustration of the operation and fund flows of sales to system integrators and agents:



1. We enter into a contract with the system integrator/agent, from whom we receive a prepayment. We then proceed to the end user's site to carry out the implementation process.
2. During the implementation process, depending on the terms we agreed upon with the system integrator/agent, we may receive a progress payment. After the implementation is finished, we go through the acceptance process with the system integrator/agent.
3. After acceptance, depending on the contract terms, we may receive the balance of the contract value from the integrator/agent. We then continue to offer maintenance service for the solution we delivered. Alternatively, we may receive another portion of the contract value and continue to offer maintenance service. After the maintenance period is over, we receive the balance of the contract value.

The following table sets forth our revenue by customer type during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Enterprise customers	316,684	52.7	389,849	53.6	422,064	44.9
System integrators /Agents	283,935	47.3	337,467	46.4	516,953	55.1
Total	600,619	100.0	727,316	100.0	939,017	100.0

Pricing

Our solutions are mainly priced based on functionalities and complexity of software solutions provided, hardware procurement cost and deployment cost for manpower.

We have developed different pricing policies for our products and solutions. Specifically:

- **Daily Life:** We generally provide customers with a menu-style quotation of our Daily Life solutions and products. The quotation of each solution typically depends on, among others, supply and demand, the marketing positioning, and the price of competitive solutions and products. Customers can select suitable solutions and products in accordance with their specific demands and budget. We combine the selected solutions and products and make appropriate customized modification for our customers.
 - *Daily Life solutions, AI Chips and AI Modules:* We typically determine the final price based on the total unit price of the products selected by the customer and the level of customization performed.
 - *AI Capability APIs:* We charge subscription fees for such services on a pay-per-use basis. During the Track Record Period, such subscription fees were insignificant to our total revenue.
- **Healthcare:** Our Healthcare solutions are typically delivered as customized one-stop AI-empowered business systems, where a selection of our AI soft- and hardware are integrated according to specific customer demands. We also provide standardized efficiency tools, such as voice interaction solutions and service solutions, based on conversational AI capabilities. We generally determine the price of our Healthcare solutions considering various factors, including market positioning, market conditions, type of customers, pricing of competitors, functionalities of the solutions, level of

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customization and relevant policies, including the guidance and standards on specific intelligence functionalities, as well as the level of support set forth in the policies. For our lighthouse customers, we usually provide solutions with premium functions. To further attract customers in the industry verticals or application scenarios we already penetrated, we provide solutions with general functions to reduce the overall price of solutions. In addition, we provide some lighthouse customers with customized services and charge for additional customized service fees.

Marketing

We believe the most effective way of marketing is to continually enhance our capabilities to address customer's unmet demands and highlight the effectiveness of our solutions to enhance brand recognition and promoting our products and solutions. We have established a sales and marketing department responsible for developing the marketing plans, managing sales team, analyzing the position of our products and solutions, training for sales team, maintaining existing customers and developing new customers and pricing.

Our sales team take the responsibility of conducting in-depth communication with our potential customers and demonstrate the professionalism of our products and solutions through showcasing outstanding cases, so as to enable our potential customers to fully comprehend and recognize our capabilities. We also attach great importance to maintaining existing customer relationships, and through the recognition from existing customers, we conduct low-cost promotion in the industry our customers involved in, thereby continuously replicating success in similar application scenarios and achieving wider sales.

CUSTOMERS

We have a large customer base and we do not rely on any single customer. In 2022, 2023 and 2024, revenue from our largest customer in each year during the Track Record Period accounted for 13.1%, 9.3% and 7.0%, respectively, of our total revenues during those years. In 2022, 2023 and 2024, revenue from our five largest customers in each year during the Track Record Period accounted for 30.8%, 27.4% and 26.7%, respectively, of our total revenues during the same years.

The salient terms of our agreements with customers are set out below:

- ***Deliverables:*** Based on the customer's specifications, we primarily develop and deliver customized AI-empowered Daily Life technology products and solutions.
- ***Delivery Time:*** Depending on the complexity of the projects, we typically complete the initial delivery of our AI solutions within a time period ranging from several weeks to half a year. Most of the orders for our AI chips are one-off purchases and are typically fulfilled in one month, while our AI modules are typically delivered in one month to 45 days.
- ***Customer Support:*** We typically provide free technical support for one year to three years after the delivery of the project. We also provide free training to the technical staff of our customers.
- ***Technical Services:*** After the expiration of the free technical support period (if applicable), we may agree to provide continued maintenance service and technical support to our customers and charge an annual fee on an ongoing basis. This service is typically under a standalone technical service agreement. In the event of substantial upgrade to such products and solutions in terms of infrastructure, platforms or functions, we typically enter into new agreements with our customers.

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- **Pricing:** We typically charge our customers on a project basis, the pricing of which is primarily based on the complexity, capacity and functionality of the products and solutions provided.
- **Settlement:** Depends on the types of offerings, our settlement methods with customers may vary. Payments for our Daily Life products are typically required upon delivery. Payments for Daily Life solutions and Healthcare solutions are required upon completion of final inspection, and we may require prepayments or agree with certain quality assurance deposit. For our AI capability APIs, we charge subscription fees on a pay-per-use basis. See “– Our Offerings.”
- **IP Rights:** Typically, all IP rights initially owned by us belong to us, while those developed due to the customization belong to customers. Any proprietary information and IP rights of the customers that are used in the projects remain customers’ property.
- **Termination:** Typically, either party has the right to terminate the agreements in the event of the opposing party’s insolvency, material violation of laws and regulations or material breach of contracts.

The following tables set forth details about our five largest customers during the Track Record Period:

Year ended December 31, 2022

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB'000</i>		
Shimao Group Holdings Limited	Daily Life	Enterprise customer	An international and comprehensive investment group primarily engaging in property development, commercial property operation, property management and hotel operations. It has established a presence in over 100 cities in the PRC.	China	2019	78,518	13.1%	Bank transfer
Customer A ⁽¹⁾	Daily Life	System integrator/agent	A provider of comprehensive urban rail solutions primarily engaging in general construction, system development and integration services and urban rail transit equipment manufacturing. Its business has extended to over twenty provinces and municipalities and over fifty cities in the PRC, and also to overseas customers.	China	2022	51,701	8.6%	Bank transfer

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Year ended December 31, 2022

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB'000</i>		
Shenzhen Nengzhi Industrial Information Technology Co., Ltd.	Daily Life	Enterprise customer and system integrator/agent ⁽²⁾	An industrial information technology company that integrates software and hardware research and development and sales. It provides products and solutions including electronic instruments and office equipment in the fields such as rail transit, parks and classrooms.	China	2020	20,936	3.5%	Bank transfer
Xiamen Chuangxige Technology Co., Ltd.	Daily Life	Enterprise customer and system integrator/agent ⁽³⁾	A technology company primarily engaging in buildings, communities, transportation and information security. Its services and offerings primarily include software development, information system integration services, information technology consulting services, integrated circuit design, electrical equipment wholesale and other mechanical equipment and electronic products wholesale.	China	2021	16,960	2.8%	Bank transfer
Customer L ⁽¹⁾	Daily Life	Enterprise customer and system integrator/agent ⁽⁴⁾	A large-scale state-owned high-tech information company . It primarily engages in providing information technology services and software development in areas including transportation information, e-government, electronic payment and information technology outsourcing.	China	2021	16,955	2.8%	Bank transfer
Total						185,070	30.8%	

Notes:

- (1) This customer did not consent to the disclosure of its name in this prospectus.
- (2) In some cases, it was engaged by certain end users, who are primarily public sector rail system development companies, to purchase our products for them as system integrator/agent.
- (3) In some cases, this customer was engaged by certain end users, who are primarily public sector municipal offices, communities, schools and hospitals, to purchase our products for them as system integrator/agent.
- (4) In some cases, this customer was engaged by certain end users, who are primarily industrial parks, to purchase our products for them as system integrator/agent.

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Year ended December 31, 2023

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB'000</i>		
Customer M ⁽¹⁾	Daily Life	Enterprise customer and system integrator/agent ⁽²⁾	A large-scale information technology enterprise with business spanning across industries including cloud computing, big data and industrial internet. It provides IT products and technology services to over 120 countries and regions worldwide.	China	2021	67,446	9.3%	Bank transfer
Customer E ⁽³⁾	Healthcare	System integrator/agent	A medical device technology company engaged in the healthcare sector, focusing on the sale of medical equipment, the system integration in the application of AI technologies and the provision of technical services.	China	2023	45,023	6.2%	Bank transfer
Customer O ⁽⁴⁾	Daily Life	Enterprise customer	A high-tech enterprise that specializes in providing intelligent voice interaction and acoustic enhancement solutions to a diverse range of industries, including robotics, financial equipment, communication devices, home products and household appliances. It has been dedicated to the development of voice interaction chips and related solutions.	China	2022	35,332	4.9%	Bank transfer
Shenzhen Nengzhi Industrial Information Technology Co., Ltd.	Daily Life	System integrator/agent	An industrial information technology company that integrates software and hardware research and development and sales. It provides products and solutions including electronic instruments and office equipment in the fields such as rail transit, parks and classrooms.	China	2020	26,908	3.7%	Bank transfer

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Year ended December 31, 2023

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB '000</i>		
Shimao Group Holdings Limited	Daily Life	Enterprise customer and system integrator/agent ⁽⁵⁾	An international and comprehensive investment group primarily engaging in property development, commercial property operation, property management and hotel operations. It has established a presence in over 100 cities in the PRC.	China	2019	24,288	3.3%	Bank transfer
Total						198,997	27.4%	

Notes:

- (1) This customer did not consent to the disclosure of its name in this prospectus.
- (2) In some cases, this customer was engaged by certain end users, who are primarily public sector residential and commercial office parks, to purchase our products for them as system integrator/agent.
- (3) This customer did not consent to the disclosure of its name in this prospectus. This customer has become our second largest customer in 2023, primarily because it has been experiencing a consistent increase in collaborative projects with major hospitals, and required our service in its collaboration with hospital customers.
- (4) This customer did not consent to the disclosure of its name in this prospectus. This customer has become our third largest customer in 2023, primarily because it has become our strategic partner under Daily Life, as the customer is dedicated to the development of voice interaction chips and solutions, and has delegated a research and development team to work with us in our provision of Daily Life products and solutions.
- (5) In some cases, this customer was engaged by certain end users, who are primarily public sector commercial office parks, to purchase our products for them as system integrator/agent.

Year ended December 31, 2024

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB '000</i>		
Customer M ⁽¹⁾	Daily Life	Enterprise customer and system integrator/agent ⁽²⁾	A large-scale information technology enterprise with business spanning across industries including cloud computing, big data and industrial internet. It provides IT products and technology services to over 120 countries and regions worldwide.	China	2021	65,981	7.0%	Bank Transfer
Customer P ⁽¹⁾	Healthcare	Enterprise customer	A technology company primarily engaging in providing enterprise-level AI solutions and developing AI platforms.	China	2024	52,252	5.6%	Bank Transfer

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Year ended December 31, 2024

Customer	Products and Services Sold	Principal Business	Customer Background and Scale of Operations	Location	Year of Commencing Business Relationship	Sales Amount	% of Total Revenue	Settlement Method
						<i>RMB '000</i>		
Shenzhen Tongchen Technology Co., Ltd.	Daily Life	Enterprise customer and system integrator/agent ⁽³⁾	A technology company primarily focusing on the development and sales of communication equipment, network systems, and industrial automation systems.	China	2022	46,072	4.9%	Bank Transfer
Customer R ⁽¹⁾ . . .	Daily Life	Enterprise customer and system integrator/agent ⁽⁴⁾	A technology company primarily focusing on technology services, internet security, and software development.	China	2021	43,560	4.6%	Bank Transfer
Customer S ⁽¹⁾ . . .	Daily Life	Enterprise customer and system integrator/agent ⁽⁵⁾	A software company primarily engaging in software development, digital transformation consulting, and system integration.	China	2024	43,190	4.6%	Bank Transfer
Total						251,055	26.7%	

Notes:

- (1) This customer did not consent to the disclosure of its name in this prospectus.
- (2) In some cases, this customer was engaged by certain end users, who are primarily public sector residential and commercial office parks, to purchase our products for them as system integrator/agent.
- (3) In some cases, this customer was engaged by certain end users, who are primarily public sector rail system development companies and commercial office parks, to purchase our products for them as system integrator/agent.
- (4) In some cases, this customer was engaged by certain end users, who are primarily public sector rail system development companies and commercial office parks, to purchase our products for them as system integrator/agent.
- (5) In some cases, this customer was engaged by certain end users, who are primarily public sector municipal offices and state-owned enterprises, to purchase our products for them as system integrator/agent.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year of the Track Record Period.

Collaboration with Shimao Group

We had extensive collaboration with Shimao Group Holdings Limited (“**Shimao Group**”) during the Track Record Period. We provide Shimao Group with our Daily Life solutions, including residential and hospitality solutions. The residential solutions provided to Shimao Group include advanced security features like locks and access control systems at entrances, as well as speakers or interactive screens within homes. These devices integrate with home systems such as lighting, heating, ventilation and air-conditioning, and safety sensors, and can be controlled via voice commands through the support of UniBrain and a proprietary AI engine. Additionally, a mobile app allows for remote home management. The system’s sophisticated voice recognition can interpret commands to adjust the home environment, providing a seamless and intuitive living experience. Similarly, we provide Shimao Group with hospitality solutions that include facial recognition for secure and efficient check-in, intelligent guidance and elevator systems for guest convenience, and in-room intelligent speakers for

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voice-controlled environment management. These systems enhance the guest experience, streamline hotel operations and improve energy management. Our Directors confirm that all of our sales to Shimao Group were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

As of December 31, 2024, the total contract sum of all the ongoing projects with Shimao Group amounted to RMB293.3 million, which included (i) contracted but not yet commenced projects, (ii) projects that were in execution but had not yet been accepted, and (iii) projects that had been accepted but were still under the service-type warranties or cloud services.

- As of December 31, 2024, the total revenue recognized from these projects amounted to RMB219.9 million, and as of the same date, the total backlog contract value of these projects amounted to RMB44.2 million.
- As of December 31, 2024, we had 108 projects that had been accepted but were still under the service-type warranties or cloud services with Shimao Group, the total contract sum of which amounted to RMB252.3 million, and, as of December 31, 2024, the trade receivables of such projects was RMB22.5 million.
- As of December 31, 2024, we had outstanding trade receivables of RMB28.7 million, of which we made provision of RMB26.3 million, and net contract assets of RMB0.1 million, with Shimao Group. See "Financial Information – Discussion of Certain Key Balance Sheet Items – Current Assets and Liabilities – Trade Receivables."

In January 2025, a winding-up petition was filed against Shimao Group by CPYM Link Investment Limited in connection with a guarantee provided by Shimao Group for a cross border loan relating to CMB International Finance Limited, which was subsequently ordered to be withdrawn by the Hong Kong High Court on February 25, 2025. We believe that there will be no material adverse impact on our financial and business performance caused by such liquidation petition, given that (i) we monitor the recoverability of the trade receivables due from Shimao Group and have continuously made collection before and after the petition, (ii) we have regularly conducted risk assessment, and cautiously initiate projects with such customer taking into consideration of the relevant entity's financial condition and recoverability on a project-by-project basis, (iii) since the winding-up petition have been ordered to be withdrawn, we do not believe it will have any impact on our business with Shimao Group. Shimao Group also announced a restructuring plan for its offshore debts, which has been sanctioned by the High Court of Hong Kong on March 13, 2025. Based on publicly available information and our current knowledge, we were not involved in Shimao Group's offshore debt restructuring plan. As of the Latest Practicable Date, Shimao Group continues normal operations to our knowledge and our projects with Shimao Group and trade receivables collection are progressing normally.

We closely monitor the recoverability of the trade receivables due from Shimao Group and will continue to make collection.

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The following table sets forth an aging analysis of the outstanding trade receivables with Shimao Group:

	Balances as of December 31, 2024	Subsequent settlement as of April 30, 2025	Subsequent settlement percentage	Provision amount	Expected credit loss rate
	<i>(RMB in thousands, except for percentages)</i>				
Trade receivables	28,663	1,279	4.5%	26,278	91.7%
—Within one year	2,831	690	24.4%	446	15.8%
—One year to two years	2,871	—	—	2,871	100.0%
—Over two years	22,961	589	2.6%	22,961	100.0%

In addition, as of December 31, 2024, we had contract assets of approximately RMB124.0 thousand with Shimao Group. We provided a provision of RMB16.8 thousand, or 0.3% of the contract assets as of December 31, 2024.

During the Track Record Period, we had entered into a number of contracts with Shimao Group and expect to complete certain projects within 2025, for which we are not aware of material difficulties in recovery of the relevant contract assets and trade receivables. We do not plan to secure new projects from Shimao Group currently, and may consider individual projects depending on the relevant risk profiles on a case-by-case basis.

In addition, certain projects for Daily Life solutions are planned to be implemented on properties that are being constructed, for which contracts were signed in a relatively early stage. They have not yet been implemented, and no costs have been incurred, due to the delays in the associated civil/commercial property construction. We maintain close communication with Shimao Group regarding the progress of such construction projects, and expect to initiate the AI solution projects in due course.

We have not recognized any revenue for a few contracts with Shimao Group that had commenced for more than a year, totaling RMB6.7 million as of April 30, 2025, due to the overall schedule adjustment of the construction projects, which in turn affected our implementation of AI solutions. These contracts are currently in the process of implementation and are expected to be delivered and accepted by 2025. As of April 30, 2025, we recorded inventory – contract fulfillment costs amounting to RMB3.9 million for costs incurred and had received partial advance payments of RMB1.3 million. We did not make impairment for such costs, as we are not aware of material difficulties in executing these projects and recovery of the relevant contract assets and trade receivables, especially given the two main projects where our actual investment exceeds the amount of payment received are under the government supervision, and future payments to us for these projects will be processed through regulated accounts.

SUPPLIERS

Our suppliers include reputable hardware component, software, R&D and marketing service providers. During the Track Record Period, substantially all of our suppliers were from China.

To ensure the quality of our products, we strictly select suppliers to source and prioritize materials that meet industry standards. The factors that we take into account for the selection including technological expertise, product quality, qualifications and credentials, market reputation and cost competitiveness. We also conduct random sample checks upon receipt of the components using our

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designed voice module. We also conduct annual review process of existing suppliers and update their detailed information accordingly. Typically, we enter into one-off procurement agreements or framework procurement agreements with our suppliers. Under framework procurement agreements, individual purchase orders are separately placed for each purchase. In general, our procurements are made at fixed unit prices prescribed in quotation provided and our chip suppliers require us to make full prepayment of the agreement price. Our suppliers are usually responsible for arranging delivery to us at their own costs. We are typically granted a warranty period ranging from one year to three years by our suppliers, and we are entitled to return or exchange defective supplies.

The salient terms of our agreements with suppliers are set out below:

- **Delivery Time:** Depending on the procured items and the specific needs of our projects, we typically require our suppliers to deliver within a prescribed time period ranging from several days to 1.5 months. Certain suppliers have long term framework contract with us, under which they make prompt delivery according to our orders.
- **Maintenance Services:** Our suppliers typically provide free maintenance service for up to three years after the delivery of their products and services.
- **Settlement:** We typically settle the payments in installments in accordance with the performance progress of the agreements.
- **IP Rights:** Any proprietary information and IP rights initially owned by us or developed during the performance of the agreements belong to us.
- **Termination:** Typically, either party has the right to terminate the agreements in the event of the opposing party's material violation of laws and regulations or material breach of contracts.

We source significant quantity of advanced semiconductors from third party suppliers for our AI products, especially our AI chips.

We observed that certain trade restrictions and geopolitical tensions in the recent years had limited impact on our business operation as our business operations are not subject to US trade restrictions and we did not experience any material supply shortage or suspension due to trade restrictions. The semiconductor models that we procured were not specifically subject to trade restrictions or licensing requirements. Going forward, we plan to further diversify our supplier base, and we do not foresee any significant challenges in sourcing semiconductors used in our AI products.

Our Major Suppliers

Our major suppliers are suppliers of technology development services and hardware. While we develop our AI infrastructure, core algorithms and frameworks internally, we engage external technology development services for ancillary functions in crafting our AI applications. Our in-house team independently create the pivotal components of AI applications, such as knowledge graphs, voice interaction systems and other essential functional modules. Nevertheless, for the development of non-core modules that are highly generic and easily substitutable, we opt for outsourcing to reduce research and development expenses. Such technology development services we employ usually include the creation of management platforms, which have management functions such as account management, business data handling and information management, and system interfaces, the development and testing of user interface presentations for mobile applications and websites, and investigative

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development projects that pursue unique opportunities or explore new strategic directions beyond our primary technological focus. Charges from our largest supplier in 2022, 2023 and 2024 accounted for 20.8%, 18.0% and 12.6%, respectively, of our total purchase during those years. Charges from our five largest suppliers in 2022, 2023 and 2024 accounted for 46.2%, 43.4% and 44.2%, respectively, of our total purchase during the same years.

The following tables set forth details about our five largest suppliers during the Track Record Period:

Year ended December 31, 2022

Supplier	Products and Services Purchased	Supplier Background	Location	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase	Settlement Method
					<i>RMB'000</i>		
Shenzhen Zhiyuanlian Technology Co., Ltd. . . .	Technology development services and screen terminal hardware	Engaged in technical development of computer software and hardware, artificial intelligence technology services, research and development and sales of rail transit vehicle and ground products	China	2020	106,991	20.8%	Bank transfer
Supplier C ⁽¹⁾ . . .	Technology development services, hardware exhibition hall	Engaged in the development of artificial intelligence basic software and the construction of public data platforms, as well as engineering technology and design services	China	2019	49,655	9.7%	Bank transfer
Cotell Intelligent Technology (Shenzhen) Co., Ltd. . . .	Technology development services, software and hardware system expansion and integration	Engaged in the development and sales of software and hardware for office equipment, intelligent control products, and audio and video information terminal products	China	2019	28,553	5.6%	Bank transfer
Shanghai Yanshu Computer Technology Co., Ltd. . . .	Technology development services, intelligence voice development	Engaged in information technology and technical services	China	2021	27,246	5.3%	Bank transfer
Supplier E . . .	Hardware	Engaged in research and development, design, and sales of integrated circuits and related products	China	2019	24,497	4.8%	Bank transfer
Total					236,942	46.2%	

Note:

(1) This supplier did not consent to the disclosure of its name in this prospectus.

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Year ended December 31, 2023

Supplier	Products and Services Purchased	Supplier Background	Location	Year of Commencing Business Relationship	Purchase Amount	% of Total Purchase	Settlement Method
					<i>RMB '000</i>		
Shenzhen Zhiyuanlian Technology Co., Ltd. . . .	Technology development services and screen terminal hardware	Engaged in technical development of computer software and hardware, artificial intelligence technology services, research and development and sales of rail transit vehicle and ground products	China	2020	123,044	18.0%	Bank transfer
Supplier C ⁽¹⁾ . . .	Technology development services, hardware exhibition hall	Engaged in the development of artificial intelligence basic software and the construction of public data platforms, as well as engineering technology and design services	China	2019	73,551	10.7%	Bank transfer
Cotell Intelligent Technology (Shenzhen) Co., Ltd. . . .	Technology development services, software and hardware system expansion and integration	Engaged in the development and sales of software and hardware for office equipment, intelligent control products, and audio and video information terminal products	China	2019	42,437	6.2%	Bank transfer
Supplier L ⁽¹⁾ . . .	Hardware	Engaged in sales of medical instruments to hospitals	China	2023	29,069	4.2%	Bank transfer
Supplier E ⁽¹⁾ . . .	Hardware	Engaged in research and development, design, and sales of integrated circuits and related products	China	2019	28,896	4.2%	Bank transfer
Total					296,997	43.4%	

Note:

(1) This supplier did not consent to the disclosure of its name in this prospectus.

BUSINESS

Year ended December 31, 2024

Supplier	Service provided / Products sold	Profile and background (e.g. business, size of operation, location)	Location	Length of relationship	Purchase Amount	% of total purchase	Settlement method
Shenzhen Zhiyuanlian Technology Co., Ltd. . . .	Technology development services; smart screen terminal hardware	Engaged in technical development of computer software and hardware, artificial intelligence technology services, research and development and sales of rail transit vehicle and ground products.	China	2020	113,960	12.6%	Bank transfer
Supplier C ⁽¹⁾	Technology development services; hardware exhibition hall	Engaged in the development of artificial intelligence basic software and the construction of public data platforms, as well as engineering technology and design services.	China	2019	107,609	11.9%	Bank transfer
Cotell Intelligent Technology (Shenzhen) Co., Ltd. . . .	Technology development services; software and hardware system expansion and integration	Engaged in the development and sales of software and hardware for office equipment, intelligent control products, and audio and video information terminal products.	China	2019	88,909	9.8%	Bank transfer
Shanghai Yanshu Computer Technology Co., Ltd. . . .	Technology development services; intelligent voice development	Engaged in information technology and technical services.	China	2021	57,278	6.3%	Bank transfer
Xiamen Meiqi Information Technology Co., Ltd. . . .	Technology development services	Engaged in research and development, design, and sales of integrated circuits and related products.	China	2020	33,884	3.7%	Bank transfer
Subtotal					401,640	44.2%	

Note:

(1) This supplier did not consent to the disclosure of its name in this prospectus.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year of the Track Record Period.

COMPETITION

The AI solutions industry in which we operate is highly competitive. According to Frost & Sullivan, AI solution providers compete with one another and traditional solution providers based on factors including i) top AI research talent pool, ii) self-developed and powerful AI infrastructure, and iii) industry and customer coverage. See “Industry Overview.” We primarily compete with other companies that focus on developing and commercializing AI products and solutions. With respect to each industry vertical that we have entered, we also compete against providers of traditional solutions which are not AI-driven in such vertical. We may also in the future face competition from new entrants that will increase the competition. For example, more established technology companies that possess substantial financial resources, sophisticated technological capabilities and broad sales channels may develop solutions that directly compete with ours.

We believe that the following key edges set us apart from our competitors.

- **Technology Roadmap:** In the medical industry, where basic information technology infrastructure and digitization of industry knowledge have been established, the ability to process general industry knowledge and specific medical records intelligently, such as through analysis, extracting, decision-making, is key to improving diagnostic efficiency and quality. Technologies like natural language processing, multimodal interaction technology, medical knowledge graph, and large language models are among the most advanced and effective for intelligent processing of medical data. We possess these core technologies and maintains a leading technological level in the industry, as proven with a vast amount of business practice, thus giving us a clear technological edge over competitors with traditional technologies or those possessing the same technologies but lacking in technological proficiency. In terms of IoT solutions, we focus mainly on fields where the demands for human-machine interactions are high, like hospitality, elderly care and transportation. Such scenarios not only require connections among objects but also interactions between humans and objects, understanding of human behavior, understanding of various objects and matters in a given space and understanding of interactions among humans and objects. Consequently, the core technologies involved are not just IoT infrastructure, but also AI technologies related to the interaction, processing and analysis of unstructured data, and the summarization and distillation of industry knowledge to facilitate understanding.
- **Technological Early-mover:** We have been committed to the R&D and practice of the above core technologies for many years. With substantial R&D investment, a well-rounded team, and an industry-leading technological level, we have amassed a wealth of knowledge, experience and market-proven products. As a result, we believe that we enjoy technological early-mover advantage over other solution providers. See “– Our Strengths – Early entrant in AGI Technologies.”
- **Self-developed Atlas AI infrastructure:** Our Atlas AI infrastructure performs (i) the dynamic dispatch of computing power resources based on shifting business demands; (ii) the initial training of large language models based on massive volume of data; and (iii) efficient optimization guided by selected high-quality user feedback. Robust AI infrastructure supports the constant advancement of UniBrain, helping us keep up with technological advancement and deliver innovative AI solutions with strong performance.

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- **Customer Base:** Our long-term cooperation with hospital customers, emphasizing data connectivity and service quality, resulted in a large network of highly engaging hospital customers, forming a robust industry relationship and laying a solid foundation for future collaborations. Our long-term cooperation with Daily Life solution customers emphasizes strong integration with customer application scenarios and one-stop solutions for customer pain points, gaining strong market reception. We have a diverse and highly satisfied customer base. In 2022, 2023 and 2024, our Daily Life offerings served 299, 294 and 313 enterprise customers and 86, 112 and 121 system integrators/agents, respectively, while our Healthcare offerings served 165, 167 and 166 customers, respectively.
- **Talent Pool:** We have accumulated a team with profound understanding of core AI technologies and their application. This team's experience is crucial for continual innovation, grasping industry trends, determining technological routes, and implementing product solutions. We believe that we enjoy a strong talent barrier. See “– Our Strengths – Experienced Management Team and Core Personnel.”

LOGISTICS AND INVENTORY MANAGEMENT

Logistics and Warehouse

In general, our suppliers are responsible for delivering the hardware components and manufactured products to our designated warehouses. Subject to the agreements entered into with our customers, certain hardware products are delivered directly from the suppliers to the venue specified by our customers and the delivery costs are borne by the suppliers. To the best of our knowledge, all of the logistics service providers are Independent Third Parties.

Inventory Management

Our inventory primarily consists of raw materials, components and work in progress. We continue to monitor our inventory, especially our inventory turnover days and the age of our inventory, to keep it at a level sufficient to meet our customers' orders. Our inventories amounted to RMB33.6 million, RMB67.9 million and RMB140.3 million as of December 31, 2022, 2023 and 2024, respectively. We have set up an inventory control policy to monitor our inventory levels and minimize obsolete inventory. Through purchases of raw materials and components from suppliers on an as-needed basis, we are able to carry fewer inventories and lower our inventory risk. However, to avoid any shortage of supplies, we may strategically keep a higher level of stock for certain key hardware components and raw materials to avoid possible industry-wide shortages. We also actively assess changes in market conditions and strategically pre-stock certain raw materials to address potential supply shortages. Our supply management team and our business operations team regularly review our inventory levels, inventory composition and inventory turnover rates, and take necessary actions to minimize the risk of obsolescence.

EMPLOYEES

As of December 31, 2024, we had 464 full-time employees. The following table sets forth the number of our employees by function:

<u>Employee Function</u>	<u>Number of employees</u>	<u>% of Total</u>
Research and Development	322	69.4
Sales and Marketing	81	17.5
Administration	61	13.1
Total	464	100.0

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We primarily recruit our employees through online channels, including social media and our company official website, and internal referral program. We are committed to establishing competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation of our employees annually to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus.

In order to advance the skills and knowledge of our employees as well as to explore new potential from our workforce, we invest in continuing education and training programs for our management and ordinary staff members to update their skills and knowledge periodically to ensure their awareness and compliance with our policies and procedures, as well as the relevant laws and regulations.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees.

None of our employees are currently represented by labor unions. 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.

INSURANCE

We purchase insurance in accordance with PRC legal and regulatory requirements as well as our overall assessment of operational needs and industry management. We are bound by the social insurance system in the PRC and pay five types of insurance for our employees, including basic pension, basic medical care, unemployment, work-related injury and maternity insurances. We also purchase director liability insurance for Directors, which gives appropriate coverage for any legal action brought against our Directors. We consider our insurance coverage adequate as we maintain all the mandatory insurance policies required by PRC laws and regulations and in accordance with the practice in our industry. In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which are not mandatory under PRC laws. We do not maintain keyman insurance, insurance policies covering damages to our network infrastructures or information technology systems, nor any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, results of operations and financial condition.”

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

We are committed to the promotion of corporate social responsibility and environmental protection. We are subject to environmental protection and occupational health and safety laws and regulations in the PRC, violation of which may result in various administrative penalties from competent authorities such as warnings, fines, orders to rectify, orders to disclose relevant information or make an announcement or orders to suspend business. See “Regulatory Overview.”

Environmental Protection

Our main greenhouse gas (“GHG”) emissions are indirectly generated through usage of centralized data centers, where our intelligent computing cluster is. Therefore, we have undertaken environmental improvements in the centralized data centers and office spaces, including wastewater treatment, solid waste classification, recycling and reduction, noise control and energy-efficient lighting and ventilation, to reduce impact on the environment from our operations. In particular, we typically sell e-waste to professional recycling companies holding related qualifications. In addition, most of the lamps used in our office are energy-saving LED lamps.

As we improve our AI models, fine tune our AI algorithms and optimize the storage, bandwidth and computing power for large-scale machine learning tasks, we are able to shorten the training time needed for our AI model and utilize the hardware resources efficiently, thereby achieving the same results with less computing power and, in turn, saving electricity consumption. For example, our intelligent computing cluster carries out deep engineering efficiency optimization of parallel mechanisms, which fully utilize computing and bandwidth resources and thereby save power consumption effectively. Moreover, we believe that as AI and its application develop and mature, AI can solve problems more efficiently than traditional technologies, ultimately resulting in less energy consumption.

We have been optimizing the computation-intensive services and migrating such services to the cloud to reduce server purchases and data center renting. With the iterative upgrades of Atlas AI Infrastructure, we have transformed from the traditional operation model of purchasing servers and renting data centers to house and maintain the servers only to a more efficient model which integrates cloud-based computational power provided by leading cloud computing providers on top of the traditional model. Starting in 2016, we have invested significant research and development efforts in technology upgrades and transformations to migrate our business system to the cloud, reducing server purchases and data center renting. Following strict internal procurement policies, we have selected to collaborate with leading cloud computing providers, whose data centers comply with national standards for carbon emissions.

We stress the importance of collaborating with high-quality service providers of low-energy consumption in our selection of data center and cloud service providers. Since our renting the first data center in Beijing in 2012, we have conducted market research and consulting to select data center service providers with low power usage effectiveness (PUE) values for cooperation and service migration. For example, our intelligent computing cluster utilizes a data center in Ulanqab, which leverages new energy power systems to further reduce carbon emissions.

In addition, we make efforts to collectively build a green office culture in our daily work, ensuring low-carbon and environmentally friendly practices. We advocate and implement protection measures for air, climate, water resources and forest resources. We are also dedicated to enhancing the efficiency of electricity and water consumption in our operations to fulfill our environmental and social responsibility. We encourage the use of public transportation in daily commutes and provide green energy buses for employees. We require employees to turn off all electrical devices when leaving work. If no one is working in the office area, lights should be switched off. We also encourage electronic communication methods like online conference platforms to reduce carbon emissions from business travel Long-distance. For water conservation, we assign personnel to regularly inspect the water supply and drainage systems in restrooms and pantry areas so that we may promptly identify and

repair any leaks. We promote double-sided printing and copying, and have designated “Waste Paper” and “Reusable Paper” collection bins in the office, encouraging employees to prioritize using single-sided paper collected in the “Reusable Paper” bin for printing and copying. We promote a paperless working environment to reduce consumption of paper in the daily office operations by encouraging employees to work and communicate internally and externally through email and electronic file formats and migrating our operations systems, such as process application, management system promulgation, document circulation and code review, to cloud-based electronic office services system. Moreover, we promote water conservation in our daily office practices by encouraging the use of personal water bottles and providing filtered water dispensers in the office area, reducing the use of bottled water and promoting environmental conservation and low-carbon practices.

We engage a third-party carbon reduction consultant to help us formulate overall carbon reduction training plans for our staff. Under such arrangement, experts from the Shanghai Environment and Energy Exchange, the Shanghai Branch of China Quality Certification Center and the Shanghai Economic Information Center provide comprehensive training for our employees on carbon markets and carbon emissions. Several of our employees have received training certificates issued by the Shanghai Environment and Energy Exchange Co., Ltd.

In our business operation, we identified the growing demands for low-carbon and zero-carbon solutions of industrial parks, especially against the backdrop of carbon peaking and carbon neutrality policies and initiatives. We developed the carbon management platform for enterprise and public sector customers. This platform integrates modules including carbon reduction advisory management, carbon emission data tracking and user carbon-footprint management. This platform is one of our UniBrain modules. It is currently being applied internally and offered to customers as a MaaS-based service.

We do not expect that we will incur any material liabilities in this regard which can have any material adverse impact on our business and operating results. During the Track Record Period and up to the Latest Practicable Date, our operations were in compliance with the relevant PRC environmental protection and occupational health and safety laws and regulations in all material aspects and we had not been subject to any fines or other penalties due to non-compliance with environmental protection and occupational health and safety laws and regulations.

Corporate Governance

Our Board of Directors has adopted a comprehensive ESG policy in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations.

Our Group’s ESG strategy and goals are determined by the Board of Directors and implemented by the ESG committee. The ESG committee is responsible for planning and implementing the company’s ESG strategy, goals and policies under the supervision of the Board. They also identify and assess ESG risks and opportunities for our Group. The ESG committee establishes an ESG working group, led by the general manager and consisting of heads from various functions and business departments, to comprehensively advance and execute specific ESG-related tasks, including managing ESG-related risks and matters in the company’s daily operations, coordinating and promoting the execution of ESG-related initiatives and preparing the annual ESG report.

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Social Responsibility

We are committed to providing customers with safe, reliable and high-quality products and offerings. We respect customer privacy and data security, and proactively respond to customer feedback and needs. We also actively collaborate with suppliers, partners and communities, advocate for fair and equitable business partnerships, and support local economic and social development. To combat COVID-19 pandemic, we supported hospitals in Beijing, Xiamen, Guangxi, Shandong and Wuhan with our medical services. Through our advanced voice interaction functions, medical staff were able to collaborate effectively with virtual communication, thus mitigating the risk of infection. We donated and installed contactless elevator to enterprise and municipality. The deployment of voice-controlled elevator system allowed passengers to control the elevator without physical contact, reducing the risk of infection. We also donated robots developed for pandemic prevention to communities in Beijing, Shanghai, Xiamen, Quanzhou and Sanming. These robots provided phone call assistance for individuals and medical institutions, streamlining the massive workload of COVID-19 pandemic prevention related communications.

Employee Care

We strive to build a fair, transparent and encouraging working environment. Our internal workplace policies are constantly reviewed to ensure compliance with relevant laws and regulations, as well as the culture and values of our team.

We aim to provide our employees with competitive compensation. Besides salary and cash incentives, we also provide employees comprehensive benefit packages, including festival and holiday gifts, extra annual leave allowances beyond the statutory minimum, supplementary commercial medical insurance and annual outings.

Impact of ESG-related Risks

Climate-related issues may bring about the risk of increasingly severe extreme weather events, such as more frequent storms and typhoons, that may cause disruptions to the equipment and facilities essential to our business operations. Extreme weather may also cause threat to the health and safety of our employees. We may potentially be impacted by an increased operation and maintenance cost and an increased labor cost.

The potential changes in social trend and political policies relating to ESG, such as transitioning to a lower-carbon economy, may cause us to incur additional costs in order to comply with the more stringent rules. For example, it could cost us a substantial amount of time and resources to constantly monitor the latest developments in ESG laws and regulations that may become applicable to us. We may also incur increased cost to execute more stringent monitoring measures on emissions and resource consumption. Any failure to comply with environmental regulations would expose us to penalties, fines, suspensions or actions in other forms.

For more details, see “Risk Factors — Risks Relating to Our Industry and Business — We are required to comply with the applicable laws and regulations on environmental, social and governance matters and changes in social trend and political policies relating to ESG may have a material adverse impact on us.”

Metrics and Targets for Assessing and Managing ESG Risks

The venue for our daily operations is our offices and centralized data centers, and the most significant resource consumption thereof is the use of electricity, water and paper. During the Track Record Period, we sourced energy mainly from external sources and a portion from renewable sources. We carefully select buildings with ESG credentials for our offices and data centers to align with our sustainability objectives. For example, our Beijing office park incorporates several sustainable initiatives, such as using solar power on parking structures to reduce reliance on traditional energy sources while lowering carbon emissions. The park also uses hydrogen-powered shuttle buses for employee transport and installs electric vehicle charging stations to promote efficient energy use. Our Shanghai office building is a LEED Certified Building, utilizing natural lighting and ventilation to reduce dependence on indoor lighting and air conditioning. It features IoT and smart control systems for lighting, temperature control and office management, enabling real-time monitoring of energy consumption and environmental quality. The building also employs energy-saving technologies, green materials, and indoor greenery to create an ecofriendly office environment, enhancing employee experience and supporting our environmental goals. We monitor the following metrics to assess and manage the environmental and climate-related risks arising from our business operations:

- (1) *electricity usage*. We evaluate our electricity and water consumption in accordance with relevant regulations and policies and endeavor to proactively conserve energy in response to the government's initiatives. Electricity usage is also the major source of our GHG emissions during our business operations. We are conscious of the energy efficiency of our offices and data centers, and place an emphasis on the use of renewable energy sources. A portion of our electricity is generated from renewable sources, and we supplement this by procuring additional electricity externally. We monitor our electricity consumption levels regularly and implement measures such as promoting use of natural lighting, reducing the use of air conditioners and electronic equipment during non-working hours to save energy and reduce GHG emissions and to further enhance our employees' awareness of efficient use of electricity and the importance of energy conservation. The majority of our office lighting is provided by LED energy-saving lights. For the years ended December 31, 2022, 2023 and 2024, the electricity consumption of our offices was around 880.0 MWh, 919.9 MWh and 1089.4 MWh, respectively. The electricity consumption of the centralized data centers was 2,886.0 MWh, 5,011.8 MWh and 5,178.0 MWh, respectively. We target to reduce our total electricity consumption by 6% by 2027 and by 15% by 2030. To achieve this goal, we plan to take comprehensive measures, including strictly adhering to national standards for air conditioning temperatures, reducing air conditioning usage during nights where the condition allows, replacing energy-consuming office equipment with energy-efficient alternatives, turning off lights in unoccupied areas at night, improving engine efficiency to lower the power consumption of the computing infrastructure in providing cloud services and transitioning to more energy-efficient third-party data centers;
- (2) *GHG emissions*. GHG emissions are produced by us mainly due to the use of electricity during our daily operations. In 2022, 2023 and 2024, our offices used in total 880.0 MWh, 919.9 MWh and 1,089.4 MWh of electricity, respectively, which accounted for around 537.0 tons, 561.2 tons and 664.5 tons of carbon equivalent emissions under scope 2 indirect GHG emissions for electricity purchased, and our centralized data centers used in total 2,886.0 MWh, 5,011.8 MWh and 5,178.0 MWh of electricity, respectively, which accounted for around 1,760.8 tons, 3,057.7 tons and 3,159.1 tons of carbon

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equivalent emissions under scope 2 indirect GHG emissions for electricity purchased. The increased electricity usage in the year ended December 31, 2024 was primarily due to our increased computing power associated with the training and running of large language models. We aim to reduce carbon emission by improving energy efficiency in our operation. We have been gradually increasing the proportion of data centers with lower PUE to increase the energy efficiency in data centers. We monitor our electricity consumption levels regularly and implement measures such as: (i) reducing the use of electronic light when the natural lighting is sufficient; (ii) not using air-conditioners when the natural room temperature is suitable for office work; and (iii) turning off air-conditioners, computers and other electronic equipment during non-working hours to enhance our staff's awareness of efficient use of electricity and the importance of energy conservation. In particular, we endeavor to reduce the intensity of carbon emission so that we may achieve overall carbon neutrality in 2030 and achieve net zero emissions in 2050. As the majority of our GHG emissions result from the use of electricity, our target and specific measures to reduce GHG emissions align with our initiatives and efforts to reduce our electricity use; and

- (3) *waste generated*. Due to the nature of our business, we do not generate any hazardous waste during our operations. We typically sell e-waste to professional recycling companies holding related qualifications or disposed them according to the waste sorting and disposal rules stipulated by the government. In order to reduce the impact of our disposal of non-hazardous waste on the environment, we monitor our waste discharge level on a regular basis. Proper guidelines are provided to our employees on waste classification and disposal. We also enhanced our waste management approach of our offices, centralized data centers and computing clusters based on the principles of resource utilization, reduction of waste generation and harmless treatment. We target to maintain 100% compliance rate in relation to waste disposal.

BUSINESS SUSTAINABILITY

We have experienced continuous revenue growth during the Track Record Period. Our revenue increased from RMB600.6 million in 2022 to 727.3 million in 2023 and further increased to RMB939.0 million in 2024. Our gross profit margin remained relatively stable at 39.9%, 40.5% and 38.8% in 2022, 2023 and 2024, respectively. During the Track Record Period, our customers increased from 538 in 2022 to 555 in 2023 and further increased to 576 in 2024. This was primarily as a result of the increase in the wide variety of AI solutions and products we offered and the increase in their applicable industries, as well as the increased demand for intelligent medical solutions along with the intelligence upgrade of internal systems among hospitals. The number of our Major Customers increased from 92 in 2022, to 104 in 2023 and further increased to 106 in 2024. Our revenue from Major Customers increased from RMB538.6 million in 2022, to RMB666.4 million in 2023, and further increased to RMB875.1 million in 2024. Our long-term strategy of optimizing customer base and focusing on major customers has proved to be effective. It drove our rapid revenue growth while helped us maintain a stable gross profit margin, underpinning sustainable growth. Our capability in enhancing AI technologies to deliver targeted and innovative AI products and solutions that meet evolving customer needs, combined with our success in expanding our customer base and deepening customer relationships, ensures that we can achieve long-term and sustainable business growth.

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We have maintained our market position as one of the leading players in China's AI solution industry. According to Frost & Sullivan, despite the intense competition within the industry, we have ranked among the top five market players by revenue in each year of the Track Record Period. During the Track Record Period, our market share stood stably at 0.6%, ranking fourth, in China's AI solution industry. The combined market share of the top three players declined significantly from 22.0% in 2022 to 13.8% in 2024, indicating reduced concentration. We have also accelerated our R&D investments in 2024 to maintain our competitiveness. Since January, 2025, China's AI solution industry has seen significant new demands for cutting-edge technologies, and is growing at an accelerated pace, according to Frost & Sullivan. Considering the above factors, we believe that we are well-positioned to capture increasing market opportunities and enhance our market position.

We expect to increase market share by enhancing the integration of our offerings with customers' evolving businesses. Our early-mover advantage and reputation in AGI technology and ability to support a diverse range of products and solutions in various end Confirmed, combined with our experience accumulated from years of practice in the AI market, form the competitive edge underpinning our further expansion.

According to Frost & Sullivan, the market size of AI solution in Daily Life provided by AI solution providers in China increased from RMB3.0 billion in 2019 to RMB10.5 billion in 2024, growing at a CAGR of 28.7%, and is expected to reach RMB149.6 billion in 2030 with a CAGR of 55.7% from 2024 to 2030. Under Daily Life, for example, our AI chip has penetrated the market of fans and heaters in the home appliances industry, which have a market size of hundreds of millions of units in China. Our AI chip can empower home appliances with AIoT functions based on voice control. In 2023, there were only about 5 million sales of voice-controlled fans and heaters in the Chinese market, representing a penetration rate of less than 5% while we had a substantial market share, thanks to our strategy of leveraging our established expertise and track record to attract new customers and strengthen our relationships with existing ones. Meanwhile, we have been actively exploring opportunities to expand into other industry verticals where our knowhow and technologies are translatable, such as lighting appliances, switch panels and bathroom appliances. According to Frost & Sullivan, the market size of AI Service and Solution in Healthcare in China increased from RMB1.1 billion in 2019 to RMB9.9 billion in 2024, growing at a CAGR of 54.3%, and is expected to reach RMB146.5 billion in 2030 with a CAGR of 56.6% from 2024 to 2030. Under Healthcare, we intend to (i) improve the market penetration rate of existing products. As the hospitals' management systems become increasingly digitalized as a result of both their own endeavors to improve management efficiency and favorable governmental policies, the demand for corresponding intelligent products is expected to continue to increase, see “— Expanding customer base and retaining existing customers,” and (ii) introduce new and more advanced products and enrich our product portfolio with the support of UniGPT. With the launch of UniGPT, we fully utilize the perception, reasoning and generation capabilities of large language models to meet hospitals' intelligence demands, such as medical record generation. See “— Continually enhance and enrich our products and solutions.”

Eliminating the impact of items including (i) share-based payment expenses; (ii) finance cost of interest on redemption liabilities; and (iii) listing expenses, we generated an adjusted net loss (non-IFRS financial measure) of RMB183.2 million, RMB136.6 million and RMB168.4 million in 2022, 2023 and 2024, respectively, accounting for 30.5%, 18.8%, and 17.9% of our revenue for the same year, respectively. Adjusted net loss is a non-IFRS measure. See “Financial Information — Non-IFRS Financial Measure.”

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Our net losses were primarily due to the significant amounts of R&D expenses incurred during the Track Record Period. The absolute amount of our R&D expenses increased during the Track Record Period as our business grew. We have started to implement prudent measures to manage our costs and operating expenses.

We closely monitor the adequacy of our cash position in light of our business operations and future expansion. During the Track Record Period, we had funded our cash requirements primarily with capital contribution from shareholders and financing through the Pre-IPO Investments. See “History, Development and Corporate Structure — Pre-IPO Investments.” We had cash and cash equivalents and wealth management products at fair value through profit or loss of RMB74.1 million, RMB448.2 million and RMB156.5 million as of December 31, 2022, 2023 and 2024, respectively. We completed the Series D3 financing in 2023 and raised more than RMB700 million. We have implemented a series of strategic measures to ensure adequate working capital and improved liquidity. We have strengthened our trade receivable management by assigning dedicated personnel to follow up on collections, negotiate repayment plans with customers and take legal action when necessary. Meanwhile, as part of our long-term endeavor to optimize our customer base, we have refined our client selection process to prioritize collaboration with financially stable customers, enhancing the recoverability of future receivables and the efficiency of our resource utilization. Payment terms have also been optimized by increasing customer prepayments, shortening payment cycles and aligning project implementation with payment cycles. We are also improving inventory turnover and supply chain management by negotiating more flexible payment terms with suppliers. In addition, we have worked to maintain strong relationships with banks and financial institutions to secure and fully utilize available credit facilities, ensuring access to necessary funding. To preserve cash flow, we have enforced strict cost controls, which includes prudent review of non-essential and non-urgent expenditures. Taking into account the financial resources available to us including our cash and cash equivalents on hand, unutilized bank facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus. Taking into account the independent due diligence conducted by the Joint Sponsors, and based on the written confirmation from the Company in respect of working capital sufficiency, review of the accountants’ report and the Company’s indebtedness status, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors, nothing material has come to the attention of the Joint Sponsors that would cast doubt on the Company’s conclusion that the Company has sufficient working capital to meet its present needs and at least for the next 12 months from the date of this prospectus.

We recorded net losses and net operating cash outflow during the Track Record Period, and we currently expect such positions may continue until we achieve a greater scale. Nevertheless, our net losses as a percentage of our revenue decreased from 62.5% in 2022, to 51.7% in 2023 and further decreased to 48.4% in 2024. We expect to enhance revenue and profitability by retaining and expanding high quality customer base, optimizing the value derived from major clients, and fostering the development and synergies of AI products and solutions. Specifically, we aim to achieve profitability primarily through:

(I) Continually enhance and enrich our products and solutions

We continually enhance and enrich our products and solutions and diversify our product portfolio leveraging the enhancement of Atlas AI infrastructure and UniBrain technology platform, which are expected to elevate our R&D efficiency and accelerate the iterations of our products and solutions.

Since the launch of UniGPT in May 2023, we have been incorporating it in our existing products and solutions to enhance their intelligence in application scenarios. UniGPT significantly enhances both the language comprehension and generation capabilities of the products and solutions. Unlike typical systems that can only understand specific command structures from users, it can comprehend more complex language expressions from users, enabling more human-like generation. In contrast to standard systems heavily reliant on developers for manual knowledge graph development, UniGPT can autonomously learn and develop. For example, the medical record solution has been transformed from a specialized tool that combines speech-to-text and a mechanical workflow to produce a summary to a more human-like system that recognizes, understands, summarizes and generates final electronic medical records based on medical dialogs. The medical record generation system is capable of increasing the outpatient medical record input efficiency by around 80% and reducing the individual patient visit time spent with the doctors by around 15%, thereby elevating patient satisfaction. Since its launch, UniGPT has continuously undergone technological advancements that enhance its multimodal and reasoning capabilities based on its language capabilities. Built on its multimodal abilities, UniGPT is capable of processing and integrating information across various modalities, thereby allowing it to better understand complex scenarios, which improves human-machine interaction. In tandem with its enhanced reiterated reasoning capabilities, our UniGPT has significantly increased its ability to process complicated information and tasks. As of December 31, 2024, we had 65 customers who used UniGPT powered products and solutions, where the aggregate value of contracts that had been executed and recognized revenue amounts to RMB74.2 million. As of the same date, the aggregate value of our potential contracts related to UniGPT-powered products and solutions reached RMB304.9 million. UniGPT opens the door to opportunities for us to win over customers who generally are not interested in homogeneous substitutes.

- Since the launch of UniGPT in May 2023, we have contracted with interested customers across industry verticals such as new energy vehicle and public transportations and generated revenue from this technology. In October 2023, a customer inquiry system supported by UniGPT was deployed at a train station, which automatically handles passengers' inquiries and provides accurate and timely responses. Passengers can input their destination through speech, and the system will provide the optimal travel route that suits their travel requirements. We have received favorable feedback from our customer. Likewise, a subway station also chooses to install an interactive system supported by UniGPT at its customer service station to make it more convenient for passengers to get directions.
- Our human-vehicle interaction solutions, also improved by UniGPT, have been integrated into various car models from different automakers. UniGPT improves user experience for both drivers and passengers with its enhanced ability to understand human intention. For example, our UniGPT is integrated into the control system of a car model to empower its virtual assistant, transforming it from a simple task executor to a digital partner that can engage in more human-like conversations. Compared to the traditional car voice assistants whose voice interaction is often command-based, and are only able to react to preset questions and answers, the virtual assistant can give human-like feedback and better understand user intentions. In addition, its knowledge capabilities and adaptability can provide users with more accurate and personalized services. As the traditional voice assistants have been commonly installed on cars, according to Frost & Sullivan, we anticipate increasing demands from car manufacturers to use UniGPT to upgrade their existing voice assistants. We are also in discussions with car manufacturers for prototype

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design and development. We are also working with a leading new energy car manufacturer in China to explore the application of voice synthesis technology in car marketing. Since its adoption by the leading automotive manufacturer, it has been promoted to a wider range of automotive OEMs and gained wider attention from downstream users such as railway stations and airports. Moreover, we have been approached by an increasing number of customers who viewed our products online. As of the Latest Practicable Date, the aggregate value of contracts related to our customer inquiry system and the interactive customer service system, as well as the human-vehicle interaction solutions, both supported by UniGPT that had been delivered and have generated revenue of approximately RMB11.3 million; the aggregate value of our potential contracts related to our customer inquiry system and the interactive customer service system, as well as the human-vehicle interaction solutions supported by UniGPT amounts to approximately RMB154.3 million. The customers consist primarily of established car manufacturers and renowned global technology companies.

- Beyond human-vehicle interaction, leveraging the generative power of UniGPT, we are able to provide our customers with solutions that involve data search and decision-making, which in turn helps us to expand our customer base across a wider range of industries. Our customers involve but are not limited to railway owners. As of the Latest Practicable Date, such UniGPT-powered solutions had been delivered or were in the process of delivery. Meanwhile, we actively contribute to building computing power for external clients by offering integrated hardware and software solutions. We have leveraged our expertise in helping clients select the AI chips that tailored to their operational needs.
- We are also continuing to promote new functionalities enabled by UniGPT in Healthcare use cases. For instance, we have been involved to equipment an outpatient medical record generation system, a radiology report generation system, an imaging report quality control system and a multimodal imaging quality control platform powered by UniGPT for Beijing Friendship Hospital. As of the Latest Practicable Date, such systems were in trial operations, other than the multimodal imaging quality control system, which was still under development. We are also in business negotiations with several other hospitals regarding the adoption of the same product.

By further enhancing and upgrading UniBrain and combining it with the industry insights, we will be able to produce more powerful and comprehensive products that give us a competitive edge. Specifically,

Daily Life: In 2025, we plan to continue to iterate our UniGPT to enhance user experience by strengthening its ability to understand human intention. The proprietary nature of our UniGPT allows us sufficient autonomy and flexibility to customize and optimize its use, thereby giving us a competitive edge to meet varied customer demands in a cost-effective manner. Moreover, in the field of cockpit noise reduction, we plan to shift from traditional experience-driven signal processing to data-driven deep-learning approach. By analyzing recorded cockpit noise data through deep-learning model, we aim to provide efficient and tailored noise reduction solutions that caters to varied customer needs, thereby enhancing our competitiveness. In 2025, we are also developing products and solutions that target customer beyond China. Therefore, one of the key new feature of our product will be the support for multiple languages.

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We are enhancing our multimodal generation technology to improve the accuracy of multi-round dialog context understanding. This will allow it to instantly provide answers based on customer-provided data, thereby enhancing user interaction experience.

Healthcare: We will continue to apply large language model technology to improve the intelligence of the existing medical record quality control, service supervision and payment management solutions. Powered by UniGPT, we expect to broaden the application of our solutions, such as clinic medical record generation system and surgical record assistant, to more application scenarios.

Furthermore, as we diversify our product portfolio, we anticipate that our gross profit margin will remain relatively stable. Specifically, we maintain active communication with customers to establish the scope and scenarios where AI technologies can help upgrade performance. In addition, our AI technologies are constantly being refined. By integrating AI technology services more comprehensively across various sectors and departments within our customers' organizations, we anticipate a sustained demand for new and upgraded AI services along with the continuous iteration and advancement of the AI technologies. For instance, we have a bank customer who has been integrating core AI capabilities into its diverse business functions, thereby having repeat purchases from us each year; and broadening our customer base. Drawing upon our proven track record of successful collaborations with lighthouse customers across diverse sectors, we engage with potential customers by utilizing referrals from our existing customer base or through direct outreach initiatives. During negotiations, we strategically highlight our portfolio of successful cases to demonstrate our expertise and the value we can bring to the collaboration. For example, leveraging our cases with major commercial banks, we have secured contracts with local commercial banks, and we are actively negotiating with more commercial bank.

(II) Expanding customer base and retaining existing customers

By leveraging the expertise gained from working with lighthouse customers and the capabilities empowered by Atlas AI infrastructure and UniBrain technology platforms, we plan to (i) extend our solutions for existing application scenarios, which are highly replicable, to new customers and (ii) extend our solutions for new application scenarios to existing customers.

(i) Extending our solutions for existing application scenarios to new customers

The digitalization trend has driven the demands for AI-driven solutions. The customers of Daily Life are mainly in the fields of home appliances, hotels, residences, commercial spaces and transportation. According to Frost & Sullivan, the number of customers in these application scenarios is relatively large and dispersed, and there is still considerable room for growth in the number of customers covered. For example, after providing Daily Life solutions to Shenzhen Metro, one of the exemplars in the field of rail transportation, we successfully implemented similar solutions in other cities, including Qingdao and Chongqing.

Under Healthcare, after our launching voice-based electronic medical record solutions for hospitals with Peking Union Medical College Hospital in 2016 and the establishment of an intelligent medical record quality control system for a top hospital in Nanjing in 2018, potential hospital customers learned about our products and solutions through observing the hospitals' information technology development, and approached us to initiate collaboration. Especially, the intelligent medical record

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quality control system project with the hospital in Nanjing received top honors at the 2019 Smart Healthcare Innovation Competition in Jiangsu, which bolstered our product's visibility, attracting over 50 potential new customers, invited the interest of over 30 hospitals in visiting us to learn more about our products, and resulting in over 10 sales. From the time we received the honors until December 31, 2024, we had recognized an aggregate of RMB9.6 million from sales resulting from such honors we received.

With the launch of UniGPT, we are actively communicating with different types of customers, combining their needs and the characteristics of UniGPT technology, to develop customized products. In Healthcare, performance improvement brought by the large language model creates opportunities for us to launch new products utilizing UniGPT based on industry needs. At the same time, we aim to extend our offerings to potential customers in the related industries of our existing customers. We have provided traffic accident personal injury claim review support for a commercial insurance company, and we plan to extend such claim review support solutions to medical insurance companies. Notably, in Healthcare, we have been able to swiftly deploy our standardized AI solutions powered by UniGPT for new customers, as evidenced by our collaboration with three new insurance company customers in 2025.

We aim to enhance our presence in various vertical industry fields by actively seeking new customers within these sectors who have similar needs, thereby further driving our development in these industries. As we continue to acquire new customers, we expect the revenue to continue to grow. The number of customers of Daily Life increased from 373 in 2022 to 411 in 2024 over a CAGR of 5.0%, while the revenue from Daily Life increased from RMB486.7 million in 2022 to RMB739.8 million in 2024 over a CAGR of 23.3%. The number of customers of Healthcare increase, from 165 in 2022 to 166 in 2024 over a CAGR of 0.3%, while the revenue from Healthcare increased from RMB 113.5 million in 2022 to RMB199.2 million in 2024 over a CAGR of 32.5%.

(ii) Extending our solutions for new application scenarios to existing customers

We plan to retain the existing customers through continuous innovation to meet changing market and customized demands and stay competitive. We also expect that our existing customers will find increasing value in their continued use of our products and solutions, which fosters the development of their technological ecosystem.

We can enhance our collaboration with existing customers and tailor solutions according to their specific needs. Under Daily Life, for example, we have robust long-term collaboration with a financial conglomerate in Daily Life business. Starting from assisting it in building its internal supercomputing platform, we continued to help it optimize AI engine capabilities for its applications and develop comprehensive solutions leveraging IoT. We have also worked with a metro company to launch customer service products after delivering the ticketing solutions to the metro lines. Furthermore, building on our proven track record of success, we have secured a contract for an intelligent transformation rail transportation project in Nanning and have been invited by the same customer to provide a comprehensive solution for the construction of an upcoming science and Innovation park. Under Healthcare, we have the capability to provide more effective products and solutions that fulfill the increasingly demanding needs of hospital management. For example, our cooperation with Beijing Friendship Hospital has been instrumental in fostering the growth and continuous improvement of its information system. Since the sales of efficiency tools, including the voice input system, in the early stage of our Healthcare business in 2019, we have expanded and upgraded our product offerings, and continuously provided Beijing Friendship Hospital with

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innovative products and solutions, including the medical intelligent voice system V3.0 in 2020. In March 2022, as our cognitive technology based products and solutions advanced, the hospital engaged us to establish a database for digestive system diseases, which was later upgraded into a utility platform. In November 2022, we started to provide database construction services for other diseases. In December 2022, we provided the hospital with the medical knowledge graph platform, based on which the hospital was able to use our various innovative applications. Since the launch of our UniGPT in May 2023, we have applied it in multiple scenarios that further deepen our collaboration with the hospital. For example, in 2024, we introduced UniGPT to the medical record quality control system, which has improved its accuracy. In addition, we have applied the UniGPT to our existing voice medical record generation system and have developed three new products for the hospital, including outpatient medical record generation system, radiology report generation system and imaging report quality control system, which, as of the Latest Practicable Date, were in trial operation. We continually broadened our collaboration with major customers, tapping into a wider range of scenarios and delivering greater commercial value. For example, in 2025, when working with major medical insurance companies, we expanded the application scenarios of our solutions from the mere review of medical expenses and bills to automated injury level assessment and inspection based on multi-modal technologies, and medical institution profiling. As we persistently refine and diversify our offerings, we underscore our value by facilitating a more streamlined and effective healthcare experience for both providers and patients.

Moreover, by participating in the system enhancements of our customers, we connect our products and solutions with their established systems from an early phase. This process not only cements our role within the customers' technological framework, but also establishes barriers to entry for potential competitors. Consequently, at the current stage, under Healthcare, while we make efforts to retain customers, we put more emphasis and resources on acquiring new customers. The enhancement of hospital management capabilities is fuelling the demand for intelligent solutions. As hospitals undergo more sophisticated performance evaluations, including grading, single disease quality control, and reforms in medical insurance payment systems such as diagnosis-related groups and diagnosis-intervention packets, there is a growing need for the support provided by products and solutions. Our offerings, bolstered by the improved capabilities of large-scale models, are proving to be increasingly effective within these healthcare areas. The introduction of our new products, which align with the evolving management requirements of hospitals, is likely to encourage repeat business from existing customers, thus ensuring customer retention. Moreover, the exemplary results achieved by our current customers act as a potent form of endorsement, fostering word-of-mouth that enhances our reputation among a wider hospital clientele. This, in turn, attracts new customers and broadens our market presence. Having a larger customer base further enhances our ability to acquire know-how in the healthcare sector, which in turn boost the practicality, competitiveness and diversity of our products and solutions. By expanding our Healthcare services to encompass medical review and medical insurance fund supervision within the insurance industry, we have consistently secured new contracts throughout the Track Record Period. This paves the way for ongoing growth and reinforces customer loyalty.

As a result of our strengthened cooperation with the existing customers, we expect the revenue to continue to grow. In 2022, 2023 and 2024, revenue from our retained Daily Life customers, being the customers from whom we had revenue in both the current year and the preceding year, were RMB279.8 million, RMB360.4 million and RMB524.5 million, respectively, accounting for 57.5%, 62.3% and 71.0%, respectively, of our revenue from Daily Life during the same years, and revenue

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from our retained Healthcare customers were RMB35.9 million, RMB39.8 million and RMB30.0 million, respectively, accounting for 31.7%, 26.8% and 15.1%, respectively, of our revenue from Healthcare during the same years. While our revenue from our retained Healthcare customers as a percentage of our revenue from Healthcare decreased during the Track Record Period, it was a result of our strategically improving acquisition of high-spending clients as our primary focus to gain a competitive advantage by taking part in our customers' technologies ecosystem, leveraging our customer acquisition resources. By doing so, we aim to increase the customer retention rate in the long run, and, as a result, increase revenue from retained customers.

While we focus on both enhancing industry penetration and expanding new customer base, and retaining existing customers and increasing their repeat purchases, we take into account a variety of factors when allocating overall resources and planning the expansion of each business segment. These factors mainly include market demand, competitive landscape, our technology capacities and the development of our products and solutions. The following tables set out a breakdown of the number of customers by customer type and industry for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Daily Life	373	389	411
- Products ⁽¹⁾	184	153	169
- Solutions			
- Hotels	11	16	18
- Residences	14	23	23
- Commercial spaces	51	80	74
- Transportation	13	26	36
- Others ⁽²⁾	131	130	130
Healthcare	165	167	166

Notes:

- (1) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (2) Others include technology services, which refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.

	Year ended December 31,					
	2022		2023		2024	
	Existing Customers ⁽¹⁾	New Customers	Existing Customers ⁽¹⁾	New Customers	Existing Customers ⁽¹⁾	New Customers
Daily Life ⁽²⁾	229	144	255	134	267	144
- Products ⁽³⁾	121	63	114	39	100	69
- Solutions						
- Hotels	9	2	11	5	16	2
- Residences	9	5	13	10	17	6
- Commercial spaces	35	16	49	31	59	15
- Transportation	8	5	10	16	15	21
- Others ⁽⁴⁾	62	69	68	62	75	55
Healthcare	112	53	107	60	89	77

Notes:

- (1) Existing customers refer to customers from whom we had revenue both in the previous year and the current year.
- (2) Some customers may have multiple contracts with us within the same year. These contracts can be under different segments and corresponding to different customer types. For example, a customer may purchase commercial space solution for the first time and also procure technology services within the same year while having procured technology services in the previous year. This customer would

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be counted as both a new customer under commercial space solution and an existing customer under technology services within the same year. However, this customer would be committed only as an existing customer under Daily Life.

- (3) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (4) Others include technology services, which refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.

	Year ended December 31,											
	2022				2023				2024			
	Existing Customers ⁽¹⁾		New Customers		Existing Customers ⁽¹⁾		New Customers		Existing Customers ⁽¹⁾		New Customers	
	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customers
Daily Life ⁽²⁾	62	177	24	122	76	191	36	103	82	203	39	110
- Products ⁽³⁾	13	108	4	59	11	104	1	38	8	92	4	65
- Solutions												
- Technology services ⁽⁴⁾	18	49	10	59	19	51	17	47	26	54	15	42
- Hotels	2	7	1	1	4	8	1	4	5	12	1	1
- Residences	8	2	4	1	12	3	6	4	13	6	2	4
- Commercial spaces	15	22	9	7	24	28	19	12	27	36	13	4
- Transportation	8	—	5	—	10	—	9	9	12	4	16	7
Healthcare ⁽⁵⁾	71	51	29	26	68	42	40	22	59	33	47	35

Notes:

- (1) Existing customers refer to customers from whom we had revenue both in the previous year and the current year.
- (2) Under Daily Life, some customers may have multiple contracts with us within the same year. These contracts can be under different segments and corresponding to different customer types. For example, a customer may purchase commercial space solution as a system integrator/agent for the first time and also procure technology services as an enterprise customers within the same year while having procured technology services in the same capacity in the previous year. This customer would be counted as both a system integrator/agent and a new customer under commercial space solution, and an enterprise customers and an existing customer under technology services within the same year. However, this customer would be committed as an existing system integrator/agent and an existing enterprise customers respectively under Daily Life in the same year.
- (3) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (4) Technology services refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.
- (5) Under Healthcare, the number of system integrators/agents represent the number of end users that we provided solutions to through contracts with system integrators/agents; the number of enterprise customers represent the number of enterprise customers that we provided solutions to through contracts directly with them. Such numbers reflect the business nature and our performance under Healthcare. See “—Our Offerings — Healthcare” and “— Sales and Marketing — Our Sales Network.”

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The following tables set out a breakdown of our revenue from customers by customer type and industry for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	(RMB in thousands)		
Daily Life	486,682	578,729	739,830
- Products ⁽¹⁾	93,485	103,499	117,296
- Solutions			
- Technology services ⁽²⁾	167,801	208,611	271,789
- Hotels	18,189	16,023	19,865
- Residences	60,341	38,143	20,307
- Commercial spaces	52,267	109,551	198,887
- Transportation	94,599	102,902	111,686
Healthcare	113,452	148,245	199,180

Notes:

- (1) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (2) Technology services refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.

	Year ended December 31,					
	2022		2023		2024	
	Existing Customers ⁽¹⁾	New Customers	Existing Customers ⁽¹⁾	New Customers	Existing Customers ⁽¹⁾	New Customers
	(RMB in thousands)					
Daily Life ⁽²⁾	279,819	206,863	360,376	218,353	524,537	215,293
- Products ⁽³⁾	55,539	37,946	96,342	7,157	103,729	13,567
- Solutions						
- Technology services ⁽⁴⁾	95,860	71,941	90,209	118,402	118,552	153,237
- Hotels	13,204	4,985	4,321	11,702	6,907	12,958
- Residences	54,785	5,556	24,037	14,106	12,582	7,725
- Commercial spaces	24,666	27,601	43,934	65,617	98,471	100,416
- Transportation	29,592	65,007	60,053	42,849	79,357	32,329
Healthcare	35,944	77,509	39,795	108,451	30,014	169,166

Notes:

- (1) Existing customers refer to customers from whom we had revenue both in the previous year and the current year.
- (2) Under Daily Life, some customers may have multiple contracts with us within the same year. These contracts can be under different segments and corresponding to different customer types. For example, a customer may purchase commercial space solution for the first time and also procure technology services within the same year while having procured technology services in the same capacity in the previous year. This customer would be counted as both a new customer under commercial space solution and an existing customer under technology services within the same year. However, this customer would only be committed as an existing customer under Daily Life. Thus, for revenue from Daily Life, revenue from this customer would be only recorded under revenue from existing customers, while revenue from this customer would be recorded both under commercial space solutions as a new customer and under technology services as an existing customer within the same year.
- (3) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (4) AI technology services refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.

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	Year ended December 31,											
	2022				2023				2024			
	Revenue from existing customers		Revenue from new customers		Revenue from existing customers		Revenue from new customers		Revenue from existing customers		Revenue from new customers	
	System integrators /Agents	Enterprise customers	System integrators /Agents	Enterprise customer	System integrators /Agents	Enterprise customer	System integrators /Agents	Enterprise customer	System integrators /Agents	Enterprise customer	System integrators /Agents	Enterprise customer
	(RMB in thousands)											
Daily Life ⁽²⁾	118,839	160,980	99,457	107,406	133,754	226,622	97,350	121,003	307,059	217,478	99,566	115,727
- Products ⁽³⁾	5,388	50,151	2,040	35,906	5,981	90,361	138	7,019	2,719	101,009	4,241	9,326
- Solutions												
- Technology services ⁽⁴⁾	15,646	80,214	16,574	55,367	13,457	76,416	33,422	85,316	61,950	56,602	61,866	91,371
- Hotels	71	13,132	24	4,962	715	3,606	1,862	9,840	841	6,066	12,852	106
- Residences	33,125	21,661	5,533	22	5,395	18,642	8,726	5,380	5,649	6,933	1,153	6,572
- Commercial spaces	19,232	5,434	26,064	1,537	23,714	20,221	52,939	12,677	78,531	19,940	94,994	5,422
- Transportation	29,592	—	65,007	—	60,053	—	24,703	18,146	68,806	10,550	13,023	19,306
Healthcare ⁽⁵⁾	24,207	23,506	41,433	24,306	25,532	12,003	80,831	29,879	21,974	6,622	88,354	82,230

Notes:

- (1) Existing customers refer to customers from whom we had revenue both in the previous year and the current year.
- (2) Under Daily Life, some customers may have multiple contracts with us within the same year. These contracts can be under different segments and corresponding to different customer types. For example, a customer may purchase commercial space solution as a system integrator/agent for the first time and also procure technology services as an enterprise customer within the same year while having procured technology services in the same capacity in the previous year. This customer would be counted as both a system integrator/agent and a new customer under commercial space solution, and an enterprise customer and an existing customer under technology services within the same year. However, this customer would be counted as an existing system integrator/agent and an existing enterprise customer respectively under Daily Life in the same year. Thus, for revenue from Daily Life, revenue from this customer would be recorded only under revenue from existing customers but under both enterprise customer and system integrators/agents, while in the same year, revenue from this customer would be recorded both under commercial space solutions as a system integrator/agent and a new customer, and under technology services as an enterprise customer and an existing customer.
- (3) Daily Life products are applied across a wide range of industries, such as home appliances, office and education sectors. It is impracticable to breakdown such segment by industry.
- (4) Technology services refer to services provided to enterprises across a wide range of industries, helping them enhance their R&D and management efficiency based on our AI technologies. Such solutions are inherently applicable across various industries, and are not designed to be industry-specific. As such, it is impracticable to breakdown such segment by industry.
- (5) Under Healthcare, revenue from system integrators/agents represents revenue from solutions provided to end users through contracts with system integrators/agents; revenue from enterprise customers represents revenue from solutions provided to enterprise customers through contracts directly with them. See the breakdown of the number of customers by customer type and industry above.

Under Daily Life, the number of system integrator/agent customers and revenue from them are both less than those of the enterprise customers throughout the Track Record Period. Under Healthcare, during the same period, the number of system integrator/agent customers and revenue from them are greater than those of the enterprise customers in each year. Such difference primarily results from the industry nature of our various customers. For example, despite the above described customer type pattern under Daily Life, specifically in the transportation industry, we have more collaborations with system integrators/agents than with enterprise customers, primarily because transportation end users, such as local railway groups, usually have already developed multiple system integrators/agents serving their needs during their transportation infrastructure construction history. Such system integrators helped develop the transportation system, and are typically responsible for the daily operation and maintenance of the transportation systems. Therefore, it usually is a commercial decision that the system integrators/agents enter into the intelligent upgrades contracts with us to ensure the stability in providing public services and a smooth upgrading process.

(III) Cost control by enhancing economies of scale and operational efficiency

Since our inception, we have actively engaged in advancing AI technologies and driving innovation within the industry. In the highly competitive AI industry, substantial investments in R&D

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are a prerequisite for driving innovation and technological advancement, and are commonly seen across the industry, according to Frost & Sullivan. Despite operating at a loss primarily due to the significant amount of R&D costs, we believe that our strategic investment in the improvement of AI technologies will position us favorably in the competitive AI landscape and contribute to our long-term success. Our commitment to R&D has already demonstrated promising results, with our revenue increasing consistently during the Track Record Period. This growth is a direct result of our strong technology capabilities, which we anticipate will continue to yield long-term benefits. With our increased R&D efficiency and the expanding scale of operation, we also expect to benefit from the economies of scale.

During the Track Record Period, we incurred significant R&D expenses, which were mainly used in:

- (i) the construction of the Atlas AI Infrastructure and the development of UniBrain, which are the foundation for our development, optimization and commercialization of cutting-edge models. Continuous R&D investments are essential to effectively enhance computing power, optimize algorithms and improve data storage capabilities. Such expenses mainly include employee salary expenses, server costs and cloud-based fees, fixed asset depreciation expenses and third-party service fees. During the Track Record Period, we significantly improved the computing power of the intelligent computing cluster and the training platform of the data center. The data storage volume and the scale and efficiency of data processing were also substantially improved. As our algorithm continues to evolve, in May 2023, UniGPT, our proprietary large language model, was launched as the new core of UniBrain, significantly improving human-computer interaction capabilities and decision support capabilities. UniGPT will incur new R&D needs in the coming years, mainly including R&D employee salary expenses, server costs and cloud-based and depreciation expenses, among others. We continue to develop AI components including multimodal perception and generation methods, the industry-scale knowledge graphs and the one-stop IoT interconnection system according to actual business needs. The related R&D expenses mainly include employee benefit expenses, server costs and cloud-based service fees.
- (ii) the R&D of products and solutions for AI application scenarios. In terms of application scenarios, we develop AI products and solutions for multiple scenarios supported by UniBrain, and continuously iterate and upgrade to better serve hundreds of enterprises and institutions in various fields such as home appliances, residences, hotels, commercial spaces, transportation and healthcare. The R&D investment in this part mainly includes employee benefit expenses and third-party service fees. To improve R&D efficiency and allow our R&D staff to focus on the development of core AI models and technologies, we outsourced certain non-essential R&D tasks to third-party contractors, which typically include development of support modules for UniBrain, data annotation, testing and packaging. As a result, we incurred a significant amount of third-party service fees which contributed to a substantial part of our R&D expenses. For Daily Life solutions, we mainly outsourced software development work related to specific application scenarios, such as user interface design and application software development. For Healthcare solutions, we usually outsourced the development of management and application platforms for different

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scenarios based on our proprietary knowledge graph. Additionally, we engage third-party service providers to annotate the vast amount of data we use to train our models and improve our technologies. The increase in third-party service fees for both software development and data processing services in 2022 was primarily because we expanded our AI solution offerings in a wider range of industry verticals, which required an increase in the non-essential development work relating to interface and application software as well as growing need for data to train new models. Benefiting from such investments, we had a decrease in third-party service fees in 2023 by continuing to use these application software and models. In 2024, we recorded an increase in the third party service fees for developing application software across new scenarios and upgrading existing products, being non-core R&D technology, as well as an increase in the server costs and cloud-based service fees due to increased needs for computing services. See “Financial Information — Description of Major Components of Our Results of Operations — Research and Development Expenses.”

Our advanced AI technology and robust infrastructure, particularly with the launch of the UniGPT Model in 2023, has been significantly accelerating our R&D process. This includes automating routine tasks and reducing the cost and time required to train AI models compared with traditional training methods, which enable us to reduce the data volume and human resources needed for model fine-tuning when developing new solutions, thereby enhancing our R&D efficiency. Improved R&D efficiency will further allow us to deploy more AI applications across various scenarios and reach a broader customer base with the same level of resources. See “—UniBrain — UniGPT.” As the launch of UniGPT was relatively recent, the financial benefits of the increased research and development efficiency have not yet been recognized prominently in our financial performance. While our research and development expenses remained relatively stable at RMB287.1 million in 2022 and RMB286.3 million in 2023 and increased to RMB370.1 in 2024, our research and development expenses as a percentage of total revenue decreased from 47.8% in 2022 to 39.4% in 2023 and remained stable at 39.4% in 2024. We had an increase in the absolute amount of R&D expenses in 2024 largely because we made strategic, forward-looking investment to enhance the infrastructure UniGPT and to explore a wider range of potential commercial application of it, eyeing the significant increase in market demands in late 2024 and 2025. In particular, we focused our efforts in modularizing our R&D and technologies, further increasing the level of low-code/zero-code development and enhancing efficiency.

Such strategic investment has proven to be effective and helped us rapidly grew our revenue in 2024, and is expected to strengthen our technological edge and benefit our long-term success especially given that we are able to reuse or swiftly repurpose a substantial extent of existing R&D and technologies. It is also notable that despite such forward-looking investments, our R&D expenses as a percentage of our revenue remained stable from 2023 to 2024 at 39.8%, indicating the efficiency of our R&D activities. In addition, we plan to allocate human resources and fixed asset investment reasonably according to the technical and product development plan and pace. We will also continue to optimize the process of daily expenditure procurement, including comparing, selecting and negotiating with suppliers and procurement channels to obtain better cost-effectiveness for products and services.

During the Track Record Period, in line with our revenue growth, the absolute amount of our total operating expenses increased. Our operating expenses increased by 3.5% from RMB439.2 million in 2022 to RMB454.6 million in 2023, primarily due to the increase in selling and marketing and

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administrative expenses, which were primarily attributable to an increase in sales and marketing activities to support our expanding business operations and an increase in listing expenses. Our operating expenses further increased by 21.0% from RMB454.6 million in 2023 to RMB550.2 million in 2024, primarily due to an increase in research and development expenses for developing application software across new scenarios and upgrading existing products, as well as to support increased needs for computing services.

However, we have seen significant economies of scale and operating leverage as we grow our business. Our total operating expenses as a percentage of revenue decreased from 73.1% in 2022 to 62.5% in 2023 and further decreased to 58.6% in 2024.

- During the Track Record Period, as our brand recognition continued to grow, the selling and marketing expenses as a percentage of our total revenue remained relatively stable at 7.7% in 2022 and at 8.1% in 2023 and 7.5% in 2024, while our revenue experienced a robust growth. Our ability to deliver commercial value to lighthouse customers and major customers earned us growing reputation, leading to word-of-mouth effect which aided our sales effort. As the performance improvement brought by UniGPT makes our products and services more competitive, and, combined with our customer strategy, we expect our AI technology products and solutions to gain increasing recognition for their ability to empower industries and help improve quality and efficiency. As our customer base becomes more extensive, we have also adopted localized sales and marketing strategy, deploying local teams serving major customers. This helps us not only reduce travel costs, but also build stronger long-term relationship with customers. Based on the above factors, we expect that, as indicated in 2024, our revenue growth will continue to outpace the growth in selling and marketing expenses in coming years.
- Similarly, we have observed economies of scale in our administrative expenses. This is a result of our continued effort in enhancing the efficiency of administrative management and staffing.

In addition, we aim to increase our working capital and improve our cash flow by enhancing our management of trade receivables. Our trade receivables turnover days remained relatively high at 254 days in 2022, 283 days in 2023 and 277 days in 2024, primarily because (i) during the Track Record Period, we had been continuously expanding our business in the public sectors such as transportation and healthcare, the customers of which, mainly including government departments, public institutions and state-owned enterprises, typically have a longer payment cycle in accordance with their internal financial management and payment approval processes. We believe that our expansion in the public sector aligns with our long-term growth objectives, and has the potential to deliver value by broadening the application of our offerings to meet the diverse needs of the public in multiple facets of daily life; and (ii) certain of our private sector customers were in the process of improving their overall liquidity condition during a slow post-pandemic recovery in 2022 and 2023. The turnover days for private sector customers significantly decreased in 2024, attributable to our enhanced collection efforts. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Current Assets and Liabilities — Trade Receivables”, We have been diversifying our customer profile and aim to continuously improve the collection of trade receivables and the turnover days by strengthening the communication with customers, actively collecting and negotiating feasible repayment plans based on actual conditions.

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PROPERTIES

Our corporate headquarter is located at Beijing, China. As of December 31, 2024, we did not have any self-owned property, and leased 15 properties in the PRC. Our leased properties are primarily used for corporate administration, research and development, office and employee residential purposes.

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. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisors, we had obtained all material licenses and permits required for our business operations in the PRC, and such business licenses had remained in full effect. Our PRC Legal Advisors have advised us that there is no material legal impediment to renewing such licenses provided that we comply with the relevant legal requirements and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

From time to time, we have been and will be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Industry and Business — We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings."

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in relation to our business in all material respects and were not involved in any non-compliance incidents which the Directors believe would, individually, or in aggregate, have a material adverse effect on our business as a whole. During the Track Record Period, we had not been subject to any material penalty or investigation in relation to our business operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have committed ourselves to establishing and maintaining robust risk management and internal control systems, comprising of tailored policies and procedures that align with our operational

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dynamics. We conduct regular reviews of our risk management strategies and their execution to verify their effectiveness and adequacy. A thorough risk management framework has been adopted and implemented across our business spectrum, encompassing the following major aspects, among others.

Information System

Integrity of our information system are paramount to our operations. We have established robust internal protocols and controls to safeguard our IT infrastructure, protect our data, and prevent potential leaks or losses. During the Track Record Period, and up to the Latest Practicable Date, we have not experienced any material system failures or data breaches.

Our data is protected by an established information system security management framework. This comprehensive system incorporates network and data security measures, anti-virus protocols, approval processes for system changes, and a rigorous approach to data backup and archiving. Our centralized data center conducts regular backups to multiple secure systems to reduce the risk of data loss. Our backup storage medium is renewed every three months to ensure stable performance. To further ensure data integrity, we conduct regular backup recovery tests and utilize measures such as routine system checks, high security standard password policies, access control systems, and regular data recovery tests. We review our backup policies and procedures on an annual basis.

Our IT operation and maintenance department oversees the preservation of our IT systems and infrastructure, ensuring that data usage, storage, and protection comply with our internal rules and all relevant laws and regulations. We continually provide information security training to our staff, and have implemented an emergency response mechanism to evaluate critical risks, devise disaster response plans, and regularly perform emergency drills. Our commitment to ongoing risk management ensures the security of our operations and the protection of users' data.

Compliance Measures

Compliance risk signifies the potential for legal, regulatory sanctions, significant financial loss, and reputational damage arising from our failure to adhere to relevant laws, regulations, rules, and guidelines. We have designed and implemented a robust compliance risk management framework within the confines of our comprehensive risk management system. The aim is to effectively pinpoint and manage compliance risks and ensure that our operations adhere to applicable laws and regulations.

We have incorporated detailed anti-bribery compliance risk control measures into our regulatory compliance management system. These measures encompass the identification, evaluation, monitoring, and reporting of bribery. We also deliver periodic anti-bribery compliance training to our employees.

Our business code of conduct explicitly prohibits all forms of commercial bribery, including cash, in-kind, service provision, price concessions, or discounts during business activities. It also restricts the acceptance or offering of gifts, dining, entertainment, travel, shopping, and other forms of customer gratification that go beyond standard business courtesies in business dealings.

In addition, we have established an anti-bribery reporting hotline, where any reports received must be forwarded to an independent department for subsequent investigation.

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Financial Reporting

To manage financial reporting risks, we have implemented a set of accounting policies, including financial report management, budget management, financial statement preparation, and financial department and staff management. We have established specific procedures to enact these accounting policies, with our financial department routinely reviewing management accounts according to these procedures. We further ensure our financial department employees undergo regular training to enhance their understanding of our financial management and accounting policies, encouraging their effective implementation in daily operations.

Audit Committee Experience and Qualification and Board Oversight

Our audit committee continuously oversees the implementation of our risk management policies to ensure our internal control system is adept at handling business risks. Our internal audit department, integral to this process, reviews control effectiveness, reports issues to the audit committee, and aids in implementing resolution strategies. Critical matters are timely forwarded to the committee, and if necessary, reported to the board of directors. See “Directors, Supervisors and Senior Management — Board Committees — Audit Committee.”

AWARDS AND RECOGNITIONS

Since inception 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:

- Contractor of “Scientific and Technological Innovation 2030 – Major Project of The Next Generation of Artificial Intelligence” (《科技創新2030—“新一代人工智能”重大項目》) for the years of 2018, 2020 and 2021, the national key R&D program organized by the Ministry of Science and Technology of the People’s Republic of China;
- 2019 Wu Wenjun Artificial Intelligence Science and Technology Progress Award (吳文俊人工智能科學技術進步獎);
- 2019 Beijing Science and Technology Progress Award, First Prize (北京市科學技術進步獎一等獎);
- Champion of the “Medical Named Entity Recognition Evaluation Task for Chinese Electronic Medical Records” (面向中文電子病歷的醫療命名實體識別評測任務) at 2020 National Knowledge Graph and Semantic Computing Conference (全國知識圖譜與語義計算大會(CCKS)), and won the only technical innovation award;
- China Health Information Processing Award for the years of 2019 and 2020 (CHIP (健康信息處理大會);
- Several indicators for Mandarin and Shanghainese in the Blizzard Challenge 2020 International Speech Synthesis Competition(國際語音合成大賽), first place;
- Deep Noise Suppression (DNS) /Acoustic Echo Cancelation (AEC) Challenge at INTERSPEECH 2021, second place;
- Acronym Extraction and Acronym Disambiguation tasks at 2022 Association for the Advancement of Artificial Intelligence (AAAI) conference, first place;
- 2022 Chinese Biomedical Language Understanding Evaluation (CBLUE) Championship;

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- First top ten demonstration applications of AI industry large-scale models in Beijing in June 2023;
- Model partner in the second batch of the Beijing AGI Industry Innovation Partnership Program in July 2023;
- Track 1 (Fully Supervised Speaker Verification (Closed)) and ranked second in Track 2 (Fully supervised speaker verification (Open)) at the VoxCeleb Speaker Recognition Challenge (VoxSRC) in August 2023, first place;
- July 2023 CCKS 2023 — PromptCBLUE (Chinese Medical General Large Language Model Evaluation) Championship;
- Science and Technology Progress Award for Key Technologies and Applications of Multimodal Intelligent Analysis and Chips in Edge Scenarios by the Fujian Provincial People's Government in April 2024, first place;
- April 2024 MedBench Evaluation, first place;
- June 2024 MedBench Evaluation, first place for our UniGPT;
- Global top tier large language model in the 2024 SuperCLUE Semi-Annual Report;
- 2024 National Smart Healthcare Competition, First Prize;
- 2023 Beijing Top 100 Private Enterprises for Technological Innovation in September 2023;
- 2023 National Intellectual Property Advantage Enterprise in November 2023;
- 2024 Beijing Top 100 Private Enterprises for Technological Innovation;
- 2024 Top 50 Large Model Enterprises;
- Outstanding Expert Workstation in November 2024 for UniSound (Shanghai) AI Technology Co., Ltd.; and
- Official approval and license for Unisound Postdoctoral Research Workstation in November 2024.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board of Directors consists of 15 Directors, including six executive Directors, four non-executive Directors and five independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments.

The following table sets forth certain information regarding our Directors:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Time of joining our Group</u>	<u>Date of appointment as a Director</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors, Supervisors and senior management</u>
Executive Directors						
Dr. Liang Jia'en (梁家恩)	48	Co-founder, Chairman of our Board, executive Director, deputy general manager and chief technology officer	May 2012	June 10, 2019	Ensuring the Board's effective performance of its function, formulating the business strategies, making major corporate and operational decisions, and responsible for the overall management of our Group	None
Dr. Huang Wei (黃偉)	48	Co-founder, executive Director, chief executive officer and general manager	June 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Dr. Kang Heng (康恒)	46	Co-founder, executive Director and vice president of IoT department	March 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Mr. Li Xiaohan (李霄寒)	46	Executive Director and senior vice president of R&D department	June 2015	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Time of joining our Group</u>	<u>Date of appointment as a Director</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors, Supervisors and senior management</u>
Mr. Liu Shengping (劉升平)	47	Executive Director and senior R&D director	December 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Mr. Li Peng (李鵬)	43	Executive Director and R&D director	July 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Non-executive Directors						
Mr. Duane Kuang (鄺子平)	61	Non-executive Director	June 2019	June 10, 2019	Providing professional opinion and judgment to the Board	None
Mr. Li Zhichao (李志超)	43	Non-executive Director	June 2019	June 10, 2019	Providing professional opinion and judgment to the Board	None
Mr. Wang Cunfu (汪存富)	44	Non-executive Director	April 2023	April 12, 2023	Providing professional opinion and judgment to the Board	None
Mr. Li Ang (李昂)	37	Non-executive Director	March 2025	March 12, 2025	Providing professional opinion and judgment to the Board	None
Independent Non-executive Directors						
Mr. Hu Jianjun (胡建軍)	48	Independent Non-executive Director	June 2019	June 10, 2019	Providing independent opinion and judgment to the Board	None
Mr. Fan Jian (樊健)	42	Independent Non-executive Director	June 2019	June 10, 2019	Providing independent opinion and judgment to the Board	None
Ms. Jin Huihua (金慧華)	55	Independent Non-executive Director	June 2023	June 23, 2023	Providing independent opinion and judgment to the Board	None
Dr. Zhang Kun (張坤)	44	Independent Non-executive Director	June 2023	June 23, 2023	Providing independent opinion and judgment to the Board	None
Mr. Chen Hua (陳華)	46	Independent Non-executive Director	June 2023	June 23, 2023	Providing independent opinion and judgment to the Board	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group.

The following table sets out information in respect of the Supervisors.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>	<u>Time of joining our Group</u>	<u>Date of appointment as a Supervisor</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors, Supervisors and senior management</u>
Mr. Shan Bo (單波)	39	Employee representative Supervisor and Chairman of the Supervisory Committee	December 2012	June 10, 2019	Overseeing the operations and financial activities of the Group	None
Mr. Ren He (任禾)	47	Supervisor	August 2012	June 10, 2019	Overseeing the operations and financial activities of the Group	None
Mr. Hong Zhao (洪兆) . . .	33	Supervisor	June 2019	June 10, 2019	Overseeing the operations and financial activities of the Group	None

Our senior management is responsible for the day-to-day management of our business. The following table provides information about members of our senior management:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Time of joining our Group</u>	<u>Date of appointment as a senior management</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Directors, Supervisors and senior management</u>
Dr. Liang Jia'en (梁家恩)	48	Co-founder, Chairman of our Board, executive Director, deputy general manager and chief technology officer	May 2012	June 10, 2019	Ensuring the Board's effective performance of its function, formulating the business strategies, making major corporate and operational decisions, and responsible for the overall management of our Group	None

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Name	Age	Position	Time of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
Dr. Huang Wei (黃偉) . . .	48	Co-founder, executive Director, chief executive officer and general manager	June 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Dr. Kang Heng (康恒) . . .	46	Co-founder, Executive Director and vice president of IoT department	March 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Mr. Li Xiaohan (李霄寒)	46	Executive Director and senior vice president of R&D department	June 2015	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Mr. Liu Shengping (劉升平)	47	Executive Director and senior R&D director	December 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and	None

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Age	Position	Time of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors, Supervisors and senior management
					ensuring the Board's effective performance of its function	
Mr. Li Peng (李鵬)	43	Executive Director and R&D director	July 2012	June 10, 2019	Assisting the Chairman in formulating business strategies and making major corporate and operational decisions of the Company and ensuring the Board's effective performance of its function	None
Ms. Li Na (李娜)	43	Chief financial officer	July 2015	June 10, 2019	Overall financial planning and management of our Group	None

DIRECTORS

Executive Directors

Dr. Liang Jia'en (梁家恩), aged 48, is our co-founder, Chairman of our Board, executive Director, deputy general manager and chief technology officer.

Prior to founding our Group, Dr. Liang worked in the Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) from July 2006 to February 2011, where he was primarily responsible for the R&D, optimization and application of speech recognition technologies, including key word detection technologies, large-scale consecutive speech recognition, and objective standard-based automatic oral evaluation system which was applied in high school entrance exams of Jiangsu and Wenzhou. Mr. Liang was qualified as a senior engineer (正高級工程師) in October 2024.

Dr. Liang obtained his bachelor's degrees in automatic control from University of Science and Technology of China (中國科學技術大學) in Anhui, PRC in July 2001, and his Ph. D. in pattern recognition and intelligent system from Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) in Beijing, PRC in July 2006.

Dr. Huang Wei (黃偉), aged 48, is our co-founder, executive Director, chief executive officer and general manager.

Dr. Huang worked in Motorola China Research Center (摩托羅拉中國研究中心) from September 2006 to July 2009, where he was primarily responsible for the development of voice and speech recognition technologies. Dr. Huang served as a director in Shanghai Yinlong Information Technology Co., Ltd. (上海吟隆信息科技有限公司) from August 2012 to November 2015.

Dr. Huang obtained his doctor's degree in signal and information processing from University of Science and Technology of China (中國科學技術大學) in Anhui, PRC in June 2004, and engaged in

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

postdoctoral research of biomedical engineering in Shanghai Jiao Tong University (上海交通大學) in Shanghai, PRC from July 2004 to June 2006.

Dr. Huang was a supervisor of Changzhou Chaoxun Information Technology Co., Ltd. (常州超訊信息科技有限公司) (“**Changzhou Chaoxun**”) and was not involved in the daily operations of Changzhou Chaoxun. In July 2021, due to Changzhou Chaoxun’s cessation of business, Dr. Huang submitted a liquidation application to dissolve Changzhou Chaoxun. As of the Latest Practicable Date, Changzhou Chaoxun has been deregistered.

Dr. Kang Heng (康恒), aged 46, is an executive Director and our vice president of IoT department.

Before joining our Group, Dr. Kang successively served as a researcher in Canon Information Technology (Beijing) Co., Ltd. (佳能信息技術(北京)有限公司) from April 2007 to August 2011, where he was primarily responsible for the R&D of multilingual speech synthesis technology and multi-model interaction technology.

Dr. Kang obtained his bachelor’s degree in mechanical engineering from Tsinghua University (清華大學) in Beijing, PRC in July 2000. He obtained his doctor’s degree in pattern recognition and intelligent system from Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) in Beijing, PRC in January 2007.

Mr. Li Xiaohan (李霄寒), aged 46, is an executive Director and our senior vice president of R&D department. Mr. Li joined our Group as the chief process officer of our subsidiary in October 2014.

Before joining our Group, Mr. Li worked as a technology manager of Motorola Mobile Communication Technology Co., Ltd. (摩托羅拉移動通信技術有限公司) (formerly known as Lenovo Mobile Telecommunication Co., Ltd. (聯想移動上海有限責任公司)) from July 2003 to September 2005, where he was primarily responsible for R&D of embedded application. He also worked in Motorola China Research Center from September 2005 to July 2009, where he was primarily responsible for the development of AI technology on embedded application.

Mr. Li obtained his bachelor’s degree in electronic engineering and his doctor’s degree in signal and information system from University of Science and Technology of China (中國科學技術大學) in Anhui, PRC in July 1998 and July 2003, respectively.

Mr. Liu Shengping (劉升平), aged 47, is an executive Director and our senior R&D director.

Before joining our Group, Mr. Liu worked as a research staff in IBM China Investment Company Limited (IBM(中國)投資有限公司) from July 2005 to July 2011, where he was primarily responsible for the R&D on application of semantic and knowledge graph technology.

Mr. Liu obtained his bachelor’s degree from Xi’an Jiaotong University (西安交通大學) in Shaanxi, PRC in July 1999, and his doctor’s degree in applied mathematics from Peking University (北京大學) in Beijing, PRC in July 2005.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li Peng (李鵬), aged 43, is an executive Director and our R&D director.

Before joining our Group, Mr. Li served as a researcher in Fujitsu R&D Center Co., Ltd. (富士通研究中心有限公司) from July 2008 to November 2010, where he was primarily responsible for the R&D of Chinese language speech recognition technology.

Mr. Li obtained his bachelor's degree in automation from Tsinghua University (清華大學) in Beijing, PRC in July 2002, and his doctor's degree in pattern recognition and intelligent system from Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) in Beijing, PRC in July 2008.

Non-executive Directors

Mr. Duane Kuang (鄭子平), aged 61, is a non-executive Director.

Mr. Kuang has held directorships in several entities of Qiming Venture Partners, including serving as the chairman of Qiming Weichuang Venture Capital Management (Shanghai) Co., Ltd. (啓明維創創業投資管理(上海)有限公司) since June 2006. Mr. Kuang also served as a director in CooTek (Cayman) Inc., a company delisted from NYSE (stock code: CTK), from August 2012 to December 2023.

Mr. Kuang obtained his bachelor's degree in computer science from the California State University, San Francisco in the United States in January 1986. He obtained his master's degree of computer science in Stanford University in the United States in March 1988, and his MBA from University of California at Berkeley in the United States in December 1993.

Mr. Li Zhichao (李志超), aged 43, is a non-executive Director.

Mr. Li served as a project manager in China Mobile Communications Group Tianjin Co., Ltd. (中國移動通信集團天津有限公司) from July 2007 to March 2011, a researcher in Sinolink Securities (Hong Kong) Company Limited (國金證券(香港)有限公司) (formerly known as Guangdong Securities Limited (粵海證券(香港)有限公司)) from March 2011 to March 2012, and joined Beijing Grains Valley Venture Capital Co., Ltd. (北京磐谷創業投資有限責任公司) since March 2012 and is now serving as a partner.

Mr. Li obtained his bachelor's degree in automation from Beijing University of Chemical Technology (北京化工大學) in Beijing, the PRC in July 2004, and his master's degree in business management from Tsinghua University (清華大學) in July 2007.

Mr. Wang Cunfu (汪存富), aged 44, is a non-executive Director.

Mr. Wang worked in the Electronic Information Product Management Department of the Ministry of Industry and Information Technology (MIIT) and the Software Service Department of MIIT. He then worked in the autonomous driving division in charge of public affairs and strategic cooperation in Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司) (a company listed on NASDAQ, ticker: BIDU) from June 2016 to January 2018. Mr. Wang has worked in China Internet Investment Fund Management Co., Ltd. (中國互聯網投資基金管理有限公司) since February 2018, successively serving positions including the department general manager of the investment research department and the investment department, and a director of Shanghai Longcheer Technology Co., Ltd. (上海龍旗科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603341) from January 2022 to January 2025.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang obtained his bachelor's degrees in computer science and technology from Liaoning Petrochemical University (遼寧石油化工大學) in Liaoning, PRC in July 2002 and in management from Nanjing University (南京大學) in Jiangsu, PRC in March 2006, respectively, his master's degree in computer application from Nanjing Tech University (南京工業大學) in Jiangsu, PRC in June 2005, and his doctor's degree in industrial economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in Beijing, PRC in July 2014.

Mr. Li Ang (李昂), aged 38, is a non-executive Director.

Mr. Li worked in Hikvision from 2016 to 2017, and in Xiangyi Microchain (象翌微鏈) from September 2017 to March 2020. He joined JD Group in April 2020 and currently serves as the head of the IoT delivery department under the JD Cloud Division of JD Group.

There is clear business delineation between the IoT business of JD Group and the Group in terms of application scenario, solution types and business model. To the best knowledge, information and belief of the Directors, Mr. Li does not have any interests in any 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.

Mr. Li obtained his bachelor's degree in computer science and technology from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in Jiangsu, the PRC in June 2009, and his master's degree in computer software and theory from NCI in Beijing, the PRC in May 2012.

Independent non-executive Directors

Mr. Hu Jianjun (胡建軍), aged 48, is an independent non-executive Director.

Mr. Hu has served as the partner of Baker Tilly International (Special General Partnership Accounting Firm) (天職國際會計師事務所(特殊普通合夥)) since March 2012, and currently serves as the director of its Shanghai branch and Shanghai Pilot Free Trade Zone branch, and the chairman of its IPO professional committee. He has served as a director of Jinko Power Technology Co., Ltd. (晶科電力科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601778.SH) since June 2017, an independent director of Ikd Co., Ltd. (愛柯迪股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600933.SH) from August 2018 to September 2024, an independent director of Maxwealth Fund Management Co., Ltd. (永贏基金管理有限公司) since December 2019, and Nanjing Medlander Medical Technology Co., Ltd. (南京麥瀾德醫療科技有限公司) (a company listed on the STAR Market, stock code: 688273.SH) from September 2020 to September 2023.

Mr. Hu is a director of Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會), and a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會), the CPA Australia and the IPA Australia.

Mr. Hu obtained his bachelor's degree in accounting from Hunan University (湖南大學) in Hunan, PRC in December 2001, and his master's degree in accounting from The Chinese University of Hong Kong in December 2009 and master's degree in business administration from China Europe International Business School (中歐國際工商學院) in April 2018.

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Mr. Fan Jian (樊健), aged 42, is an independent non-executive Director.

Mr. Fan Jian has served as an associate professor of the school of law in Shanghai University of Finance and Economics (上海財經大學) since January 2014, and a lawyer of Shanghai Lihui Law Firm (上海禮輝律師事務所) since December 2022.

Mr. Fan served as an independent director of Xinling Electrical Co., Ltd. (欣靈電氣股份有限公司) (a company listed on the ChiNext, stock code: 301388.SZ) from August 2020 to March 2023, and has served as an independent director of Shanghai Shangshi Aviation Engine Co., Ltd. (上海尚實航空發動機股份有限公司) since November 2021, Shanghai Phoenix Enterprise (Group) Co., Ltd. (上海鳳凰企業(股份)有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600679) since February 2022, and Shanghai Tongling Automotive Technologies, Inc. (上海通領汽車科技股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 834081. NQ) since August 2022.

Mr. Fan obtained his bachelor's degree in law from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, PRC in June 2006, his master's degree in civil and commercial law from China University of Political Science and Law in Beijing, PRC in June 2009, and his doctor's degrees in law from Tsinghua University (清華大學) in Beijing, PRC and Graduate School of Law, Tohoku University (日本國立東北大學法學研究科) in July 2013 and September 2013, respectively.

Ms. Jin Huihua (金慧華), aged 55, is an independent non-executive Director.

Ms. Jin worked in Pucheng People's Court of Fujian Province (福建浦城人民法院) in 1992. Ms. Jin served as a lecturer from November 1998 to November 2001, an associate professor from December 2004 to December 2007 and a professor from December 2009 to December 2012 of the school of law of Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院). She was a visiting scholar of Queen Mary University of London from November 2017 to November 2018. Ms. Jin has served as a lawyer of Shulun & Partners (Shanghai) (上海序倫律師事務所) since October 2022. Ms. Jin is currently an arbitrator of Shanghai Arbitration Commission (上海仲裁委員會) and Shanghai International Economic and Trade Arbitration Commission (上海國際經濟貿易仲裁委員會).

Ms. Jin obtained her bachelor's degree in international economic law from the China University of Political Science and Law (中國政法大學) in Beijing, PRC in July 1991, and her master and doctor's degree in law from East China University of Political Science and Law (華東政法大學) in Shanghai, PRC in June 1996 and January 2007, respectively.

Dr. Zhang Kun (張坤), aged 44, is an independent non-executive Director.

Dr. Zhang has an extensive background in academia and a wealth of experience in the field of machine learning. Dr. Zhang, currently the Acting Chair and Professor in the Machine Learning Department, and the director of the Center of Integrative AI at Mohamed bin Zayed University of Artificial Intelligence since January 2022, also holds the position of Associate Professor in the Department of Philosophy and affiliate faculty in the Machine Learning Department at Carnegie Mellon University. Prior to that, he served as an Assistant Professor at Carnegie Mellon University from August 2015. Mr. Zhang's distinguished career includes roles Senior Researcher at the Max-Planck Institute for Intelligent Systems in Tübingen, Germany. Additionally, he has contributed significantly to the academic community as an Associate Editor for prestigious journals such as ACM

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Computing Surveys and Pattern Recognition, and a General and Program Chair of the 1st Conference on Causal Learning and Reasoning (Clear 2022) and a program chair of the 38th Conference on Uncertainty in Artificial Intelligence (UAI 2022) showcasing his dedication to advancing the field.

Dr. Zhang obtained a bachelor's degree in Automation from the University of Science and Technology of China (中國科學技術大學) in Anhui, PRC in July 2001, and a doctorate's degree in Computer Science from The Chinese University of Hong Kong (香港中文大學) in December 2005.

Mr. Chen Hua (陳華), aged 46, is an independent non-executive Director.

Mr. Chen has served as the chairman and chief executive officer of Changba (唱吧音樂集團) since March 2011.

Mr. Chen obtained his bachelor's and master's degree in computer from Peking University (北京大學) in July 2001 and June 2004, respectively.

Confirmation from our Directors

Rule 8.10 of the Listing Rules

To the best knowledge, information and belief of the Directors having made all reasonable inquiries, none of our Directors has any interests in any 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.

Rule 3.09D of the Listing Rules

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; and (ii) understands his or her obligations as a director of a listed issuer on the Stock Exchange under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

SUPERVISORS

Mr. Shan Bo (單波), aged 39, is an employee representative Supervisor and the chairman of our Supervisory Committee.

Mr. Shan served as an algorithm R&D engineer in Alibaba Cloud Computing Co., Ltd. (阿里巴巴雲計算有限公司).

Mr. Shan obtained his bachelor's degree and master's degree in computer science and technology from Harbin Institute of Technology (哈爾濱工業大學) in Heilongjiang, PRC in July 2007 and July 2009, respectively.

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Mr. Ren He (任禾), aged 47, is a shareholder representative Supervisor.

Mr. Ren served in Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) from July 2007 to August 2011.

Mr. Ren obtained his bachelor's degree in electrical engineering and automation from China University of Mining and Technology (中國礦業大學) in Jiangsu, PRC in June 2000, and his doctor's degree in computer application from Institute of Automation Chinese Academy of Science (中國科學院自動化研究所) in Beijing, PRC in July 2007.

Mr. Hong Zhao (洪兆), aged 33, is a shareholder representative Supervisor.

Mr. Hong served as a director of China Financial Union Co., Ltd. (中金統聯股份有限公司) from August 2016 to January 2021, and manager of Zhongneng Rongtai Technology Co., Ltd. (中能嶸泰科技有限公司) from October 2017 to February 2019. He has served as the special assistant to the chairman of 360 Security Technology Inc. (三六零安全科技股份有限公司) since February 2019 and the general manager of the strategy and investment center since October 2021.

Save as disclosed above, none of our Directors or Supervisors held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document. Save as disclosed herein, to the best knowledge, information and belief of the Directors and Supervisors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors and Supervisors that need to be brought to the attention of our Shareholders and there is no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

SENIOR MANAGEMENT

For biographical details of Dr. Liang Jia'en (梁家恩), Dr. Huang Wei (黃偉), Dr. Kang Heng (康恒), Mr. Li Xiaohan (李霄寒), Mr. Liu Shengping (劉升平) and Mr. Li Peng (李鵬), see "— Executive Directors" in this section.

Ms. Li Na (李娜), aged 43, has been our chief financial officer since July 2015.

Prior to joining our Group, Ms. Li served in Taiping Life Insurance Co., Ltd. Foshan Branch (太平人壽保險股份有限公司佛山分公司) from September 2008 to June 2010, in Foshan Huaxin Packaging Co., Ltd. (佛山華新包裝股份有限公司) from June 2010 to February 2012, a financial manager in Huawei Technology Co., Ltd. (華為技術有限公司) from March 2012 to January 2013, and the deputy manager of financial department in Yangtze Three Gorges Equipment and Materials Co., Ltd. (長江三峽設備物資有限公司) from January 2013 to July 2015.

Ms. Li obtained her bachelor's degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in Hubei, PRC in June 2003 and her master's degree in professional accounting from Sun Yat-sen University (中山大學) in Guangdong, PRC in December 2008.

JOINT COMPANY SECRETARIES

Ms. Li Na (李娜) has served as our Joint Company Secretary since June 2023. For biographical details of Ms. Li, see "— Senior Management."

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Ms. Wong Wai Yee, Ella (黃慧兒) is a Director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange. Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (“HKCGI”) and The Chartered Governance Institute in the United Kingdom. Ms. Wong is a holder of the Practitioner’s Endorsement from HKCGI. Ms. Wong obtained her bachelor’s degree of Economics from The University of Hong Kong and a Postgraduate Diploma in Corporate Administration from the City University of Hong Kong.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix 14 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part II of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Hu Jianjun, Ms. Jin Huihua and Mr. Fan Jian. Mr. Hu Jianjun holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. Mr. Hu Jianjun serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- examining the authenticity of financial reports of our Company and monitoring financial reporting procedures of our Company;
- examining the effectiveness of risk management and internal control system of our Company;
- ensuring that our Company’s resources in accounting, internal audit and financial reporting functions, qualifications and experience of our Company’s accounting and reporting personnel, and the training and budget for relevant expenditures are adequate;
- reviewing results of internal investigations and responses from management in relation to any suspected dishonesty, non-compliances, or suspected violations of laws, rules and regulations;
- evaluating whether our Company has any major internal control defaults or deficiencies;
- evaluating the nature and severity of major risks faced by our Company in the preceding financial year;
- evaluating the performance of the audit function and personnel;
- proposing the appointment of external auditors to our Board, and reviewing the qualification, independence and performance of the external auditors; and
- regularly examining the financial reports and annual reports of our Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of part II of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Remuneration Committee consists of three Directors, namely Dr. Zhang Kun, Dr. Huang and Mr. Fan Jian. Dr. Zhang Kun serves as the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- formulating the overall remuneration policy and structure of our Company's Directors, Supervisors and members of the senior management, formulating proper and transparent remuneration procedures, and making suggestions to our Board;
- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;
- making recommendations to our Board on remuneration of individual executive Directors and member of senior management, including non-monetary benefits, pension rights and amount of compensation (including compensation for loss or termination of office or appointment);
- making recommendations to our Board on remuneration of our non-executive Directors (including independent non-executive Directors), Supervisors, advisers to the Board (if any) and committees of our Board;
- reviewing and approving compensation payable to our executive Directors, Supervisors and members of senior management for loss or termination of office or appointment, so as to ensure that such compensation is consistent with the terms of relevant contracts, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive;
- reviewing and approving compensation arrangements in relation to dismissal or removal of our Directors due to misconduct, so as to ensure that such compensation is consistent with terms of relevant contract, and if such compensation is not determined in accordance with the relevant contract terms, compensation should be fair, reasonable and not excessive; and
- dealing with other matters as required by laws, regulations, rules, articles of our Company, terms of reference and applicable securities regulatory authorities, and other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of part II of the Corporate Governance Code, Appendix 14 to the Listing Rules. The Nomination Committee consists of three Directors, namely Mr. Chen Hua, Dr. Liang and Ms. Jin Huihua. Mr. Chen Hua serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing the structure, composition and diversity of our Board at least once a year with reference to our Company's business activities, scale of assets and shareholding structure, and making recommendations to our Board on any change in Board composition in accordance with our Company's strategies;

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- making recommendations on the appointment and re-appointment of our Directors (in particular, the chairperson of our Board, and including our non-executive Directors and independent non-executive Directors) and our general manager;
- conducting search in potential suitable candidates for Directors and making recommendations to our Board on the suitable candidates;
- evaluating the independence of our independent non-executive Directors, the performance of our Directors (including both executive and non-executive Directors) and whether our Directors have devoted sufficient time in performing their duties;
- developing corporate governance standards and procedures and monitoring the implementation of such standards and procedures, and making recommendations to our Board;
- monitoring and overseeing the trainings and continuous professional development plan for our Directors and members of our senior management, and developing and overseeing the compliance of code of conducts and compliance handbook (if any) for our employees and Directors;
- formulating and evaluating our Board diversity policy, and making disclosures in the corporate governance report (which shall be included as part of our annual report) the relevant policies, including the nomination procedures adopted by the nomination committee and standards for the election of our Board members; and
- dealing with other matters that are authorized by our Board or our Articles from time to time, and other matters that are required by applicable laws from time to time.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company's employees, compensation in the form of wages, salaries, pension costs, housing benefits and other benefits in kind. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairperson of Board committees.

For the years ended December 31, 2022, 2023 and 2024, the aggregate amount of remuneration paid or payable to our Directors and supervisors amounted to RMB7.0 million, RMB7.6 million and RMB8.7 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated-share based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB8.7 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024, there were two, one and three Directors among the five highest paid individuals, respectively. The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB3.5 million, RMB4.4 million and RMB1.8 million for the years ended December 31, 2022, 2023 and 2024, respectively.

We confirmed that during the Track Record Period, no consideration was paid by our Company to, or receivable by, our Directors for making available directors' services or as termination benefits.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

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 complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules after the Listing.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including engineering, economics, and business administration. We have five independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, our Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination Committee will also include in annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

SHARE INCENTIVE PLANS

For more information, please refer to "Appendix VI — Statutory and General Information — D. Employee Incentive Schemes."

COMPLIANCE ADVISOR

We have appointed Haitong International Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. The Compliance Advisor will provide us with

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guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date 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 Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Controlling Shareholders

As of the Latest Practicable Date, Dr. Liang, Dr. Huang and Dr. Kang, by virtue of the acting-in-concert arrangement among them, were collectively interested in approximately 33.93% of our total issued share capital, including (i) 3.78% of our total issued share capital directly held by Dr. Liang, (ii) 24.08% and 3.80% of our total issued share capital controlled by Dr. Huang indirectly through Yunsi Shangyi and Yunchuang Hudong, respectively, both of which have Tianjin Yunsheng (which is held by Dr. Huang as to 99%) as their respective general partner, and (iii) 2.27% of our total issued share capital directly held by Dr. Kang. See “History, Development and Corporate Structure — The Controlling Shareholders” for details.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), Dr. Liang, Dr. Huang and Dr. Kang will, directly and indirectly through Tianjin Yunsheng, Yunchuang Hudong and Yunsi Shangyi, continue to control in aggregate approximately 33.32% of our total issued share capital. Therefore, they will remain as our Controlling Shareholders upon Listing.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Controlling Shareholders and their close associates after the Listing, taking into consideration the factors below.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the Listing, our Board consists of 15 Directors, namely six executive Directors, four non-executive Director and five independent non-executive Directors. Dr. Liang, Dr. Huang and Dr. Kang, who are the Controlling Shareholders, as detailed above, are also the members of our Board. Dr. Liang serves as our chairman of the Board and executive Director. Dr. Huang serves as our executive Director, chief executive officer and general manager. Dr. Kang serves as our executive Director.

Our Directors consider that we are able to carry on our business independently from the Controlling Shareholders from a management perspective for the following reasons:

- (a) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. See “Directors, Supervisors and Senior Management” for details of the industry experience of our senior management team;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) we have five independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review; and
- (d) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. See “— Corporate Governance” for details.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the Listing.

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, sales and marketing, financing, staffing, logistics, administration, internal audit, information technology, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently of the Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on the Controlling Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by the cash, cash equivalent on hand as well as the proceeds from the Global Offering.

In addition, we are capable of obtaining financing from independent third parties, if necessary, without relying on any guarantee or security provided by the Controlling Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, there were no outstanding loans or guarantee provided by or granted to the Controlling Shareholders or their respective associates. During the Track Record Period and as of the Latest Practicable Date, we had received a series of Pre-IPO Investments from third party investors independently. See “History, Development and Corporate Structure” for details of the Pre-IPO Investments.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on the Controlling Shareholders or their respective close associates after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirmed that as of the Latest Practicable Date, they did not have any interest in other business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders and their respective associates:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (b) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with the Controlling Shareholders or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (d) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed five independent non-executive Directors, and we believe our independent non-executive Directors (i) possess sufficient experiences, (ii) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (iii) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors, Supervisors and Senior Management" for details of the independent non-executive Directors;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and
- (f) we have appointed Haitong International Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders and their respective associates, and to protect minority Shareholders' interests after the Listing.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately upon Listing and assuming the Over-allotment Option is not exercised, 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 pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company:

H Shares

Name of Shareholders	Nature of Interest	Number of H Shares held upon completion of the Global Offering	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering	Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering
Yunsi Shangyi ⁽¹⁾	Beneficial interest	5,013,214	12.11%	7.07%	12.04%	7.04%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Yunchuang Hudong ⁽¹⁾	Beneficial interest	791,747	1.91%	1.12%	1.90%	1.11%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Tianjin Yunsheng ⁽¹⁾	Interest in controlled corporation	5,804,961	14.03%	8.18%	13.95%	8.15%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Dr. Huang ⁽¹⁾	Interest in controlled corporation	5,804,961	14.03%	8.18%	13.95%	8.15%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Dr. Liang ⁽¹⁾	Beneficial interest	786,710	1.90%	1.11%	1.89%	1.11%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Dr. Kang ⁽¹⁾	Beneficial interest	472,026	1.14%	0.67%	1.13%	0.66%
	Interest held jointly with other persons	7,063,697	17.07%	9.96%	16.97%	9.92%
Trustbridge Partners ⁽²⁾	Interest in controlled corporation	8,649,868	20.90%	12.19%	20.78%	12.15%
TBP HK ⁽²⁾	Beneficial interest	6,202,020	14.99%	8.74%	14.90%	8.71%
TBP II HK ⁽²⁾	Beneficial interest	2,447,848	5.91%	3.45%	5.88%	3.44%
CII Fund	Beneficial interest	4,419,328	10.68%	6.23%	10.62%	6.21%
Mr. Sun Ge ⁽³⁾	Interest in controlled corporation	3,021,549	7.30%	4.26%	7.26%	4.24%
Heyi Guyu ⁽³⁾	Beneficial interest	2,985,422	7.21%	4.21%	7.17%	4.19%
Mr. Li Zhichao ⁽⁴⁾	Interest in controlled corporation	152,097	0.37%	0.21%	0.37%	0.21%
JD Shangke	Beneficial Interest	2,265,944	5.47%	3.19%	5.44%	3.18%

SUBSTANTIAL SHAREHOLDERS

Note:

- (1) As of the Latest Practicable Date, Yunsi Shangyi and Yunchuang Hudong directly held 16,710,714 and 2,639,158 Shares, respectively. The general partner of each of Yunsi Shangyi and Yunchuang Hudong is Tianjin Yunsheng, which is owned as to 99% by Dr. Huang and 1% by Mr. Liu Shengping, our executive Director. Dr. Huang is also the largest limited partner of Yunsi Shangyi with 82.59% partnership interest. There are no limited partners with 50% or more partnership interest in Tianjin Yunsheng. Therefore, each of Yunsi Shangyi and Yunchuang Hudong is controlled by Dr. Huang. As such, each of Tianjin Yunsheng and Dr. Huang is deemed to be interested in the Shares held by Yunsi Shangyi and Yunchuang Hudong for purpose of Part XV of the SFO. As of the Latest Practicable Date, Dr. Huang, Dr. Liang and Dr. Kang, by virtue of their acting-in-concert arrangement, were collectively interested in approximately 33.93% of our total issued share capital. See the section headed "Relationship with our Controlling Shareholders". As such, each member of the Controlling Shareholders is deemed to be interested in the Shares held by other members for purpose of Part XV of the SFO.
- (2) Both TBP HK and TBP II HK are investment entities of Trustbridge Partners. As such, Trustbridge Partners is deemed to be interested in the Shares held by TBP HK and TBP II HK for purpose of Part XV of the SFO.
- (3) The general partner of Heyi Guyu is Mr. Sun Ge, and the general partner of Pangu Turing is Beijing Grains Valley, which is owned as to 99% by Mr. Sun Ge. As such, Mr. Sun Ge is deemed to be interested in the Shares held by Heyi Guyu and Pangu Turing for purpose of Part XV of the SFO.
- (4) The general partner of Tianjin Pushu is Mr. Li Zhichao, our non-executive Director. As such, Mr. Li Zhichao is deemed to be interested in the Shares held by Tianjin Pushu for purpose of Part XV of the SFO.

Domestic Unlisted Shares

Name of Shareholders	Nature of Interest	Number of Domestic Unlisted Shares held upon completion of the Global Offering	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering	Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering
Yunsi Shangyi	Beneficial interest	11,697,500	46.80%	16.49%	46.80%	16.43%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Yunchuang Hudong . . .	Beneficial interest	1,847,411	7.39%	2.60%	7.39%	2.60%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Tianjin Yunsheng	Interest in controlled corporation	13,544,911	54.19%	19.09%	54.19%	19.03%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Dr. Huang	Interest in controlled corporation	13,544,911	54.19%	19.09%	54.19%	19.03%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Dr. Liang	Beneficial interest	1,835,658	7.34%	2.59%	7.34%	2.58%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Dr. Kang	Beneficial interest	1,101,395	4.41%	1.55%	4.41%	1.55%
	Interest held jointly with other persons	16,481,964	65.94%	23.23%	65.94%	23.15%
Mr. Li Zhichao	Interest in controlled corporation	176,477	0.71%	0.25%	0.71%	0.25%

SUBSTANTIAL SHAREHOLDERS

Unlisted Foreign Shares

Name of Shareholders	Nature of Interest	Number of Unlisted Foreign Shares held upon completion of the Global Offering	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering	Approximate Percentage of Shareholding in the relevant class of Shares upon completion of the Global Offering	Approximate Percentage of Shareholding in the total share capital of our Company upon completion of the Global Offering
Ming Fu	Beneficial interest	4,570,649	100%	6.44%	100%	6.42%
Qiming Venture Partners III, L.P.	Interest in controlled corporation	4,570,649	100%	6.44%	100%	6.42%
Qiming GP III, L.P.	Interest in controlled corporation	4,570,649	100%	6.44%	100%	6.42%
Qiming Corporate GP III, Ltd.	Interest in controlled corporation	4,570,649	100%	6.44%	100%	6.42%

Saved as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that (i) the Over-allotment Option is not exercised and (ii) 27,977,641 Domestic Unlisted Shares and 11,849,122 Unlisted Foreign Shares are converted in H Shares as applied with CSRC under the “Full Circulation” Program), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB69,392,473, comprising 69,392,473 Shares of nominal value RMB1.00 each, was categorized as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares in issue	52,972,702	76.34%
Unlisted Foreign Shares in issue	16,419,771	23.66%
Total	69,392,473	100%

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering and conversion of Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares, assuming the Over-allotment Option is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares in issue	24,995,061	35.23
Unlisted Foreign Shares in issue	4,570,649	6.44
H Shares converted from Domestic Unlisted Shares	27,977,641	39.43
H Shares converted from Unlisted Foreign Shares	11,849,122	16.70
H Shares to be issued under the Global Offering	1,560,980	1.79
Total	70,953,453	100.00

Immediately following completion of the Global Offering and conversion of Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares, assuming the Over-allotment Option is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital (%)
Domestic Unlisted Shares in issue	24,995,061	35.11
Unlisted Foreign Shares in issue	4,570,649	6.42
H Shares converted from Domestic Unlisted Shares	27,977,641	39.30
H Shares converted from Unlisted Foreign Shares	11,849,122	16.64
H Shares to be issued under the Global Offering	1,795,120	1.79
Total	71,187,593	100.00

SHARE CLASSES

Upon completion of the Global Offering and conversion of our Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares, we would have three classes of Shares: H Shares, Domestic Unlisted Shares and Unlisted Foreign Shares. H Shares, Domestic Unlisted Shares and Unlisted Foreign Shares are all ordinary Shares in the share capital of our Company.

SHARE CAPITAL

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 (such as our certain existing Shareholders, the Domestic Unlisted Shares and Unlisted Foreign Shares held by whom will be converted in to H shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Domestic Unlisted Shares, Unlisted Foreign Shares and H Shares shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic Unlisted Shares and Unlisted Foreign Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF DOMESTIC UNLISTED SHARES AND UNLISTED FOREIGN SHARES INTO H SHARES

If any of the Domestic Unlisted Shares and the Unlisted Foreign Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

Register with the CSRC and Full Circulation Application

In accordance with the Overseas Listing Trial Measures and related guidelines promulgated by the CSRC, H-share listed companies which apply for the conversion of domestic shares into H shares for listing and circulation on the Hong Kong Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An unlisted domestic joint stock company may apply for “full circulation” when applying for an overseas listing.

We have received the filing notice from the CSRC in relation to the filing of the overseas listing and the conversion of 27,977,641 Domestic Unlisted Shares and 11,849,122 Unlisted Foreign Shares into H Shares on a one-for-one basis upon the completion of the Global Offering.

Listing Approval by the Hong Kong Stock Exchange

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from 27,977,641 Domestic Unlisted Shares and 11,849,122 Unlisted Foreign Shares on the Hong Kong Stock Exchange, which is subject to the approval by the Hong Kong Stock Exchange.

We will perform the following procedures for the conversion of the relevant Domestic Unlisted Shares and Unlisted Foreign Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

SHARE CAPITAL

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any listing of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by the Company prior to the Global Offering will be subject to such statutory restriction on transfer within a period of one year from the Listing.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Appendix V – Summary of the Articles of Association” in this document.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**” and collectively, the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**” and collectively, the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 20 H Shares) that may be purchased for an aggregate amount equivalent to HK\$95.5 million, calculated based on the conversion rate of HK\$1.00 to RMB0.9154 (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$165.00 per Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 575,060 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
36.84	0.81	32.03	0.81

Assuming an Offer Price of HK\$185.00 per Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 575,060 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
32.86	0.71	28.57	0.72

Assuming an Offer Price of HK\$205.00 per Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 462,860 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
29.65	0.65	25.78	0.65

Our Company is of the view that the Cornerstone Investment will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Further, we believe that we will benefit from the cornerstone investment, taking into account the business sectors they primarily focus on. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group’s business network or through introduction by the Company’s shareholders, business partners or Overall Coordinators.

The Cornerstone Placing will form part of the International Offering, and save as otherwise waived/obtained consent by the Stock Exchange, the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements.

CORNERSTONE INVESTORS

The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and all the H Shares to be subscribed by the cornerstone investors will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company; and none of the Cornerstone Investors will become a Substantial Shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side arrangements between the Company, and the Cornerstone Investors, or any benefit, direct or indirect, conferred on the Cornerstone Investors, by virtue of or in relation to the Listing other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. There will be no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing.

To the best of the knowledge, information and belief of our Company, (i) the Cornerstone Investors are independent of the Company, its connected persons and their respective associates; (ii) none of the Cornerstone Investor is accustomed to take and has not taken instructions from the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

To the best knowledge of our Company, the Cornerstone Investors make independent investment decisions, and their subscription under the Cornerstone Investment Agreements would be financed by their own internal resources and they have sufficient funds to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

CORNERSTONE INVESTORS

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around June 27, 2025.

The table below sets forth the details of the Cornerstone Placing:

Based on the Offer Price of HK\$165.00 (being the low-end of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
SensePower Management Limited (“SensePower”)	HK\$ 43,698,177	262,180	16.80	0.37	14.61	0.37
Nebula Asset Management Limited (“Nebula”)	HK\$ 30 million	181,800	11.65	0.26	10.13	0.26
Runjian International (Hong Kong) Co., Limited. (“Runjian International”)	RMB 20 million	131,080	8.40	0.18	7.30	0.18
Total		575,060	36.84	0.81	32.03	0.81

Based on the Offer Price of HK\$185.00 (being the mid-point of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
SensePower	HK\$ 43,698,177	233,840	14.98	0.33	13.03	0.33
Nebula	HK\$ 30 million	162,160	10.39	0.23	9.03	0.23
Runjian International	RMB 20 million	116,920	7.49	0.16	6.51	0.16
Total		512,920	32.86	0.72	28.57	0.72

Based on the Offer Price of HK\$205.00 (being the high-end of the indicative Offer Price range)

Cornerstone Investors	Total Investment Amount	Number of Offer Shares to be subscribed ⁽¹⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering	Approximate % of the Offer Shares	Approximate % of our total issued share capital immediately upon completion of the Global Offering
SensePower	HK\$ 43,698,177	211,020	13.52	0.30	11.76	0.30
Nebula	HK\$ 30 million	146,340	9.37	0.21	8.15	0.21
Runjian International	RMB 20 million	105,500	6.76	0.15	5.88	0.15
Total		462,860	29.65	0.65	25.78	0.65

Notes:

(1) Subject to rounding down to the nearest whole board lot of 20 H Shares. Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering – Currency Translations.”

CORNERSTONE INVESTORS

- (2) The subscription amounts of SensePower and Runjian International were inclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.
- (3) The subscription amount of Nebula was exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee which Nebula will pay in respect of the International Offer Shares to be subscribed by it.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

SensePower

SensePower Management Limited (“**SensePower**”) is a company incorporated in the BVI and is principally engaged in investment holding. SensePower is an indirect wholly-owned subsidiary of SenseTime Group Inc. (“**SenseTime**”), a company listed on the Main Board of the Stock Exchange (stock code: 0020.HK). SenseTime is a leading AI software company with a focus on computer vision technologies, serving a broad range of industries in smart business, smart city, smart life and smart auto. As of December 31, 2024, there was no ultimate beneficial owner with 30% interest or more in SenseTime.

Nebula

Nebula Asset Management Limited (臻一資產管理有限公司) (“**Nebula**”) is a licensed asset management company based in Hong Kong. It is focused on fundamental research and value investing, primarily investing in companies in the greater China region. Its ultimate beneficial owner is CHENG, NGA YIN who is an Independent Third Party. As of December 31, 2024, Nebula had an AUM of over HK\$50 million.

Runjian

Runjian International (Hong Kong) Co., Limited (“**Runjian International**”) is incorporated in Hong Kong, which is a wholly-owned subsidiary of Runjian Co., Ltd. (潤建股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002929). Runjian Co., Ltd. is a leading digital intelligent operation and maintenance service provider and one of the top 100 software companies in the PRC, providing solutions covering communication networks, digital networks, energy networks and other fields. Runjian Co., Ltd. is ultimately controlled as to 47.83% by Mr. Li Jianguo (李建國) and Ms. Jiang Libei (蔣鵬北), each being an Independent Third Party.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

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- (iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Joint Sponsors and the Overall Coordinators, it will not, whether directly or indirectly, at any time during the period of twelve months following the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

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You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountant's Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are an AI company dedicated to the innovation in AGI technology in China, with strong record in commercializing large language models, the critical path towards AGI. Inherently operating through the direct and continuous interaction with human, conversational AI benefits from this feedback loop that automatically and incessantly advances its abilities, and demonstrates potential for AGI commercialization. Soon after the breakthroughs of Transformer in 2017 and BERT in 2018, leveraging our R&D expertise in conversational AI and market insights gained since our inception, we launched our first BERT-based large language model, UniCore, which functioned as the initial core algorithm model of our central technology platform, UniBrain, and empowered a series of AI solutions for customers across a wide range of industry verticals. Our AI technology continues to advance with multimodal capabilities and a vast wealth of dynamic, iterating user interactions across diverse application scenarios.

We have offered products and solutions on the UniBrain technology platform for a broad range of application scenarios in AI Solution in Daily Life and AI Service and Solution in Healthcare. According to Frost & Sullivan, we remained the fourth largest AI solution provider by revenue in China with a market share of 0.6% in each year of the Track Record Period, yet recording a high growth rate among those with annual revenues over RMB500 million. While the market size of AI solution in China increased by 33.1% from RMB135.5 billion in 2023 to RMB180.4 billion in 2024, our revenue increased by 29.1% from RMB727.3 million in 2023 to RMB939.0 million in 2024. In 2024, we ranked third by revenue in AI Solution in Daily Life and fourth in AI Solution in Healthcare in China. Extensive commercial application of these products and solutions has provided us with high-quality user feedback, which, in turn, prompting incessant iterations of UniGPT as the core of UniBrain.

During the Track Record Period, our revenue was primarily derived from the sales of AI products and solutions. Our revenue increased from RMB600.6 million in 2022 to RMB939.0 million in 2024, with a CAGR of 25.0%; our gross profit increased from RMB239.9 million in 2022 to RMB 364.5 million in 2024, with a CAGR of 23.3%; our net losses in 2022, 2023 and 2024 were

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RMB375.4 million, RMB376.2 million, and RMB454.2 million, respectively; and adding back share-based payment expenses, finance cost of interest on redemption liabilities and listing expenses, our adjusted net losses (non-IFRS financial measure) for 2022, 2023 and 2024 were RMB183.2 million, RMB136.6 million, RMB168.4 million, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with the IFRS Accounting Standards issued by the IASB.

The preparation of our historical financial information in conformity with the IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 4 of the Accountant's Report in Appendix I to this prospectus.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by us consistently throughout the Track Record Period.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

General Factors

Our business and operating results are affected by general factors affecting the overall growth and prosperity of the AI industry in China, including:

- China's overall economic growth;
- the increasing applications of AI products and solutions across industries;
- technology development, including the development of large language models and the advancement of computing infrastructure;
- the prevalence of IoT devices; and
- relevant laws and regulations, governmental policies and initiatives.

Company Specific Factors

Enhance AI Technology Strengths and Deliver Innovative AI Solutions

During the Track Record Period, our revenue experienced significant growth from RMB600.6 million in 2022, to RMB727.3 million in 2023 and further increased to RMB939.0 million in 2024 which was primarily driven by our success in penetrating into the AI Solution in Daily Life and AI Service and Solution in Healthcare industries with our AI product and solution offerings. As of

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December 31, 2024, our Daily Life products were applied to tens of millions of devices, across various verticals such as residential, commercial space, hospitality and transportation, helping us gain valuable know-how and experiences. In addition, we offer AI-empowered healthcare solutions such as medical record voice entry, medical record quality control, single-disease quality control, medical insurance payment management, which help prevent unreasonable medical expenses, support medical reform and improve the utilization and efficiency of medical insurances.

Leveraging UniBrain’s capabilities, we are able to efficiently develop and optimize our AI models and improve the performance of our solutions. We offer customers a wide variety of model-based AI solutions and products, helping them improve operational efficiency and productivity, bringing value to end users across industries. Through relentless innovation, we plan to extend the reach of our AI products and solutions to a broader range of industry verticals. To be constantly able to deliver cutting-edge AI products and solutions that create value for customers would allow us to adopt more favorable pricing strategy and improve our profitability.

Expand Customer Base and Deepen Customer Relationships

Our customers primarily include enterprise customers and system integrators in AI solution in IoT and medical service industries. Customer acceptance and satisfaction among a growing customer base will strengthen our brand and reputation which are crucial to our long-term growth. We rely on the performance of our AI solutions as well as our sales team and customer support team to initiate and maintain customer relationship. Our seasoned sales and customer support staff have profound industry insight and knowledge of our AI products and solutions. We were therefore able to continually expand our customer base. We incurred selling and marketing expenses of RMB46.1 million, RMB58.8 million, and RMB70.7 million in 2022, 2023 and 2024, respectively, reflecting our consistent efforts in marketing and promotional activities to drive our business growth. However, we managed to improve sales efficiency thanks to growing brand recognition, and the number of our customers increased from 538 in 2022 to 555 in 2023 and further increased to 576 in 2024.

Our success in fostering loyalty of existing customers and attracting new customers also depends on our effective go-to-market strategy. We have established robust partnerships with industry leaders to jointly develop innovative AI solutions and gain invaluable market insights, and secure future project and technology collaborations. Leveraging the know-how, experience and market recognition acquired from our lighthouse customers and the high scalability of our AI solutions, we introduce our solutions to other customers in the same or adjacent industries, offering them innovative solutions that are quick-to-deploy on demand, addressing common needs and representative scenarios in the industry. This go-to-market strategy allows us to continuously enhance the level of engagement of our key customers with constantly improved offerings, and grow our customer base. We believe long-term, robust customer relationship are crucial to our ability to optimize commercialization strategies and fee models, including expanding our subscription-based MaaS solutions, which would allow us to achieve continued growth, higher sustainability and more stable cashflow, and improve our results of operation.

Manage Costs and Improve Operational Efficiency

Our abilities to manage our costs and operating expenses also have profound impact to our results of operations. We incurred significant cost of hardware, accounting for 46.6%, 41.6% and 33.3% of our revenue in 2022, 2023 and 2024, respectively. Going forward, we estimate that such

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costs as a percentage of revenue will reduce as the revenue contribution from AI solutions that generally contain less hardware is expected to grow, which will help improve our gross profit margin. We also expect to be able to reduce product deployment and implementation costs as we continue to standardize our products and solutions.

In addition, as our business continues to grow, we expect our ability to manage general administrative costs will help us continue to optimize efficiency.

We plan to continue our investment in AI infrastructure and R&D activities to maintain our leading position through innovation, underpinning continued improvement of operational efficiency. Leveraging the increasing technological strengths and efficiency, we aim to reduce the marginal cost for the production of AI products and solutions, as well as accelerate revenue growth.

To enhance R&D efficiency and allow our R&D staff to focus on the development of core AI models and technologies, we typically outsource non-essential R&D tasks to third-party contractors. Combining in-house R&D with outsourcing also helped us maintain an efficient and agile R&D force. From 2022 to 2024, our R&D expenses grew from RMB287.1 million to RMB370.1 million at a CAGR of 13.5%, driving a stronger growth of revenue from RMB600.6 million to RMB939.0 million at a CAGR of 25.0% during the same year. UniGPT, launched in 2023, is expected to help us further improve our R&D efficiency.

Going forward, we expect to achieve revenue growth at a rate higher than that of our R&D and other expenses as a whole, continuously improving our operational efficiency.

Seasonality

Our business and results of operations are affected by seasonality, resulting from seasonal fluctuations in customer purchases. Our customers adhere to an annual cycle for budget planning and implementation. Customers typically formulate the budget, enter into contracts, execute the transactions and initiate the projects based on their business plans in the first half of the fiscal year, and accept the products or solutions deliverables and complete the transactions in the latter half of the year. As we typically recognize revenue upon acceptance by the customer, we had higher revenue from our products and solutions in the second half of the fiscal year, which is in line with the industry norm, according to Frost & Sullivan. This pattern is consistent across both our public and private sector customers, as observed in both Daily Life and Healthcare businesses during the Track Record Period, and we anticipate that this trend will continue in the future.

IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic outbreak, its recurrence and related measures caused a decline in the business activities in the industries we operate in, and a shift of focus of potential and existing customers, especially the hospitals, to pandemic prevention and control. The COVID-19 pandemic had historically caused disruptions in the payment schedule of certain of our public sector end users, who had diverted their budget and focused on containing and combating the pandemic. In addition, certain of our customers in private sector were adversely impacted due to the challenging macro-economic environment during the post-pandemic recovery, leading to adjustment of their financial management policies and slowdown in settlement of payables with their service providers, including us. As a result, our trade receivables turnover days increased in 2022.

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Since December 2022, the restrictive measures have been generally eased. See “Risk Factors — Risks Relating to Our Industry and Business — We may experience any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases.”

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Note 2 to the Accountant’s Report in Appendix I to this prospectus.

Revenue Recognition

Revenue for AI solutions and AI products is recognized at the point in time when the products or solutions are delivered to the customer’s designated place, inspected, and accepted by the customer. We offer AI solutions for a wide range of industries and application scenarios such as residential, commercial space, hospitality and transportation. AI solutions are provided by integrating AI software, software-embedded hardware, hardware infrastructure, and related AI technology services. All these components are highly interdependent and interrelated, and together they create a combined output that is transferred to the customer. Therefore, they are accounted for as a single performance obligation. We also provide stand-alone AI products, such as AI software and software-embedded hardware.

When providing standalone AI services for a certain period of time, such as extended warranty and cloud services, which are considered as separate performance obligations, revenue is recognized over time during the service period.

Daily Life

Revenue from goods and services used in industry verticals and application scenarios such as residential, commercial space, hospitality and transportation is categorized as from Daily Life. For AI solutions, in a typical transaction, we shall deliver the integrated hardware and software to the delivery place designated by the customer and install the products, and the customer shall be deemed to have completed the delivery only after receiving the products and completing the acceptance inspection of the products, installation and trial run. After successful integrated development, installation and commissioning of hardware materials and software and successful acceptance, both parties shall sign

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and seal the acceptance confirmation. The revenue is recognized upon acceptance by the customer and issuance of acceptance confirmation. For AI products, revenue is recognized at a point in time when the AI products are delivered to the customer's designated place and accepted by the customer.

Healthcare

When we provide medical transcription solutions, smart medical record quality management solutions and other AI empowered medical solutions to medical institutions, revenue is categorized as from Healthcare. In a typical transaction, after the system is launched and trial run is completed, we shall promptly notify the customer for acceptance. The customer shall start the acceptance inspection and sign the acceptance confirmation within a certain period upon receipt of the acceptance notice. The revenue is recognized upon acceptance by the customer and issuance of acceptance confirmation.

See Note 2.1.7 to the Accountant's Report in Appendix I to this prospectus.

Financial Liabilities at Fair Value through Profit or Loss

Certain investors in previous financing of Series (the "**Investors**") were granted certain special rights, such as the anti-dilution right, pursuant to which the Investors have a right to require: (i) Yunsi Shangyi, Dr. Kang and Dr. Liang to transfer the equity interests in us, which they directly or indirectly held to the Investors at the lowest price allowed by law; or (ii) us to issue new shares to the Investors for nominal consideration; or (iii) Yunsi Shangyi, Dr. Kang and Dr. Liang to compensate the Investors in cash. The specific method shall be selected by the Investors, and Yunsi Shangyi, Dr. Kang and Dr. Liang shall be jointly and severally liable for this. Pursuant to the Shareholder Agreement, all the special rights of the Pre-IPO Investors will cease to be effective when we submit the listing application, subject to certain conditions.

The anti-dilution right granted is bifurcated and accounted for as financial liabilities at fair value through profit or loss. It is initially recognized at fair value and subsequently carried at fair value with fair value changes recognized in "Other gains—net" in the consolidated statements of comprehensive loss. The financial liabilities are classified as non-current liabilities unless we have an obligation to settle the liabilities within 12 months after the end of the reporting period.

We derecognize such financial liabilities when, and only when, our obligations are discharged, canceled or have expired. The carrying amount of the financial liabilities derecognized is then credited into equity.

Redemption Liabilities

A contract that contains an obligation to purchase our equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if our obligations to purchase is conditional on the counterparty exercising a right to redeem. We undertake such redemption obligations as preferred rights granted to certain investors in our financing process. Such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged as finance costs.

We derecognize redemption liabilities when, and only when, the redemption obligations are discharged, canceled or expired. The carrying amount of the derecognized redemption liabilities is then credited into equity.

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Trade Receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. We hold the trade receivables with the objective of collecting the contractual cash flows and therefore measure them subsequently at amortized cost using the effective interest method.

We apply the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics, credit rating, and aging based on revenue recognition. See “— Financial Risk Disclosure — Credit Risk — Impairment of financial assets and contract assets.”

We make loss allowance for financial assets based on assumptions about risk of default and expected loss rate. We use judgment in making these assumptions and selecting inputs to the impairment calculation, based on our past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For the carrying amounts of our trade receivables and contract assets, other receivables and financial lease receivables, see Note 3.1 to the Accountant’s Report in Appendix I to this prospectus.

Impairment of non-financial assets

At the end of each year during the Track Record Period, we performed impairment testing for our non-financial assets including property, plant and equipment, right-of-use assets and intangible assets due to the losses incurred. These non-financial assets mainly comprise of servers and other electronic equipment, office rental and software which we integrally used for the research and development and the delivery of AI solutions and AI products, so that the management treated our Group as a single cash generating unit (“CGU”) for the impairment testing purpose. The recoverable amounts of the identified CGU were determined based on the fair value less cost of disposal, which substantially exceeded the carrying amount of the CGU at the end of each year during the Track Record Period, and the estimated fair value was determined by the enterprise value of our Group for each year during the Track Record Period (evaluated and acknowledged by independent third parties in the latest rounds of financing). Based on the result of above impairment testing, the management determined that there was no impairment for abovementioned non-financial assets at the end of each year during the Track Record Period.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of direct material is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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For contract fulfillment cost, it mainly comprises direct hardware and software costs, as well as direct labor cost incurred while delivering the AI solutions to the customers. The contract fulfillment cost is recognized as assets and presented in inventory only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfillment cost recognized will be transferred directly to profit or loss at the time that related revenue of AI solutions is recognized.

We recognize an impairment loss in profit or loss to the extent that the carrying amount of contract fulfillment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

The following table sets out a summary of our consolidated statements of comprehensive loss for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Revenue	600,619	727,316	939,017
Cost of sales and services	(360,732)	(432,808)	(574,537)
Gross profit	239,887	294,508	364,480
Operating expenses:			
Research and development expenses	(287,099)	(286,301)	(370,073)
Selling and marketing expenses	(46,086)	(58,810)	(70,705)
Administrative expenses	(48,420)	(65,020)	(64,105)
Net impairment losses on financial assets and contract assets	(71,976)	(91,346)	(48,438)
Other income	15,746	36,313	17,077
Other (losses)/gains - net	(1,363)	10,579	(13,964)
Total operating expenses	(439,198)	(454,585)	(550,208)
Finance income	314	1,875	2,298
Finance costs	(177,675)	(212,770)	(270,943)
Finance costs-net	(177,361)	(210,895)	(268,645)
Share of profit/(loss) from investments accounted for using the equity method	1,092	(2,617)	—
Loss before income tax	(375,580)	(373,589)	(454,373)
Income tax credit/(expense)	189	(2,655)	162
Loss for the year	(375,391)	(376,244)	(454,211)
Loss for the year attributable to:			
- Owners of the Company	(366,012)	(375,461)	(452,364)
- Non-controlling interests	(9,379)	(783)	(1,847)
	(375,391)	(376,244)	(454,211)

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NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements presented in accordance with the IFRS Accounting Standards, we use adjusted net loss (non-IFRS financial measure) as additional financial measure, which is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that this non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items. We believe that this measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted net loss (non-IFRS financial measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under the IFRS Accounting Standards.

We define adjusted net loss (non-IFRS financial measure) as net loss for the year adjusted by adding back share-based payment expenses, finance cost of interest on redemption liabilities, and listing expenses. The following table sets forth a reconciliation of our non-IFRS financial measure for the years indicated to the nearest measure prepared in accordance with the IFRS Accounting Standards which is net loss for the year:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Loss for the year	(375,391)	(376,244)	(454,211)
Add:			
Share-based payment expenses to employees ⁽¹⁾	-	4,532	-
Finance cost of interest on redemption liabilities ⁽²⁾	176,429	208,845	264,595
Listing expenses ⁽³⁾	15,757	26,276	21,234
Adjusted net loss for the year (non-IFRS financial measure)	(183,205)	(136,591)	(168,382)

Notes:

- (1) Share-based payment expenses to employees represent the arrangement whereby we receive services from employees as consideration for our equity instruments. Such expenses are not expected to result in future cash payments.
- (2) Finance cost of interest on redemption liabilities represents the non-cash, interest expense recorded to reflect interest incurred on our conditional obligation to redeem equity securities issued in our previous financing of Series. This redemption obligation was initially measured at net present value of the redemption obligation amount and recorded as a financial liability and incurred interest. We will not incur such finance cost upon Listing.
- (3) Listing expenses relate to our Global Offering.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from offering AI products and solutions for Daily Life and Healthcare. During the Track Record Period, we generated substantially all of our revenue from the PRC.

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The following table sets out a breakdown of our revenue by streams in absolute amounts and as a percentage of revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Revenue						
Daily Life	486,682	81.0	578,729	79.6	739,830	78.8
- Solutions	393,197	65.5	475,230	65.3	622,534	66.3
- Technology services ⁽¹⁾	167,801	27.9	208,611	28.7	271,789	28.9
- Hotels	18,189	3.0	16,023	2.2	19,865	2.1
- Residences	60,341	10.0	38,143	5.2	20,307	2.2
- Commercial spaces	52,267	8.7	109,551	15.1	198,887	21.2
- Transportation	94,599	15.8	102,902	14.1	111,686	11.9
- Products	93,485	15.5	103,499	14.3	117,296	12.5
Healthcare	113,452	18.9	148,245	20.4	199,180	21.2
Others ⁽²⁾	485	0.1	342	-	7	-
Total	600,619	100.0	727,316	100.0	939,017	100.0

Note:

(1) Technology services refer to services provided to enterprises across a wide range of industries, to them enhance their R&D and management efficiency based on our AI technologies.

(2) Others primarily consist of revenue from leasing office premise and sales of certain electronic devices.

Daily Life

We offer AI products and solutions for AI solution in life scenarios such as residential, commercial space, hospitality and transportation. We typically generate revenue from (i) sales of AI-enhanced IoT solutions, and (ii) sales of AI products such as AI model embedded chips and modules, as well as subscription fee for AI services such as speech recognition products.

Healthcare

We primarily generate revenue from sales of AI products and solutions, including efficiency tools and medical quality management solutions, primarily to hospitals and insurance companies.

Others

We had insignificant revenue from leasing office premise and sales of certain electronic devices during the Track Record Period.

The following table sets out a breakdown of our revenue by customer type in absolute amounts and as a percentage of revenue for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Enterprise customers	316,684	52.7	389,849	53.6	422,064	44.9
System integrators / Agents	283,935	47.3	337,467	46.4	516,953	55.1
Total	600,619	100.0	727,316	100.0	939,017	100.0

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During the Track Record Period, the revenue contribution from Enterprise customers and system integrators fluctuated. The choice between transacting directly with us or via system integrators is made by the end users, and this preference can differ across various industries. For example, in the public transportation industry, customers such as local railway companies have previously involved system integrators for their infrastructure development initiatives. These system integrators, having maintained their roles in operating, maintaining, and upgrading these systems over time, were typically engaged to conduct the transactions with us.

Cost of Sales and Services

Our cost of sales and services primarily consists of: (i) cost of hardware; (ii) third-party service fees for software development support and computing resources; (iii) employee benefit expenses incurred for the deployment and maintenance personnel for AI solutions; and (iv) depreciation of property, plant and equipment and right-of-use assets.

The following table sets forth a breakdown of our cost of sales and services by nature for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Cost of hardware	279,629	77.5	302,899	70.0	312,938	54.5
Third-party service fees	65,338	18.1	112,692	26.0	241,911	42.1
Employee benefit expenses	11,175	3.1	12,397	2.9	14,108	2.5
Depreciation	3,960	1.1	3,675	0.8	2,537	0.4
Others	630	0.2	1,145	0.3	3,043	0.5
Total	360,732	100.0	432,808	100.0	574,537	100.0

During the Track Record Period, we incurred cost of hardware mainly relating to the consumption of (i) raw materials for our AI products, such as AI chips, modules and other hardware devices and components, (ii) intelligent devices, such as multi-modal interactive devices and central control devices, for our AI solutions, and (iii) hardware components for Healthcare solutions to incorporate with our voice control software. For example, in response to our customers' specific requirements for medical efficiency tools, we procure ultrasound equipment, incorporate it with voice-command software, and offer our customers with voice-operated ultrasound equipment control systems and graphic workstations for ultrasound reports.

We incurred third-party service fees on a project basis mainly for (i) the development of user interface, application platforms, and application software, tailored to the unique requirements of the customer, and (ii) data processing and system integration services; for example, to facilitate application operations based on the data generated by the hospital's information system, we may delegate a third party to integrate our medical record quality control system software with the existing data system of the hospital. During the Track Record Period, we had an overall increase in the third-party service fees primarily due to growing demand for project-related applications as non-core development work, to facilitate the delivery of a growing number of projects as our business expanded.

Gross Profit and Gross Profit Margin

During the Track Record Period, we had gross profit of RMB239.9 million, RMB294.5 million, and RMB364.5 million in 2022, 2023 and 2024, respectively. Our gross profit margin amounted to

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39.9%, 40.5%, and 38.8% in 2022, 2023 and 2024, respectively. The fluctuations in our gross profit margin were mainly in relation to the procurement of hardware components and other devices as well as third-party services to support our products and solutions.

Research and Development Expenses

Our R&D expenses primarily consist of (i) employee benefit expenses incurred for R&D staff; (ii) third-party service fees paid to contractors who provided certain general technology development support; and (iii) server costs and cloud-based service fees.

To improve R&D efficiency and allow our R&D staff to focus on the development of core AI models and technologies, we outsourced certain non-essential R&D tasks to third-party contractors. We normally outsource research and development activities that require a large amount of manpower but are not sophisticated or critical to our AI products and solutions, which typically include development of support modules for UniBrain, data annotation, testing and packaging. For Daily Life solutions, we mainly outsource software development work related to specific application scenarios, such as user interface design and application software development. For Healthcare solutions, we usually outsource the development of management and application platforms for different scenarios based on our proprietary knowledge graph. We cooperate with companies that are experienced in AI application software development with in-depth experience in the specific industry. We own all copyrights related to the R&D projects, including technical materials, documents, source codes, and applications. Additionally, we engage third-party service providers to annotate the vast amount of data we use to train our models and improve our technologies. The fees for these services are based on the volume of data processed or labeled. During the Track Record Period, we incurred third-party service fees for software development work of RMB129.6 million, RMB124.6 million, RMB170.6 million in 2022, 2023 and 2024, respectively, and RMB17.6 million, RMB19.3 million, and RMB39.5 million for data processing services during the same years. The increase in third-party service fees for both software development and data processing services in 2022 was primarily because we expanded our AI solution offerings in a wider range of industry verticals, which required an increase in development work relating to interface and application software as well as growing need for data to train new models. Benefiting from such investments, we had a decrease in third-party service fees in 2023 by continuing to use these application software and models. In 2024, we had an increase in third-party service fees mainly attributable to upgrades and iterations of the existing solutions. See “Year-to-Year Comparison of Results of Operations” for details.

The following table sets out a breakdown of our R&D expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee benefit expenses	116,293	40.5	109,844	38.4	116,275	31.4
Third-party service fees	147,266	51.3	143,906	50.3	210,146	56.8
Depreciation	12,218	4.3	9,831	3.4	10,001	2.7
Server costs and cloud-based service fees	6,856	2.4	13,338	4.7	27,917	7.5
Share-based payment expenses	—	—	4,000	1.4	—	0.0
Other expenses ⁽¹⁾	4,466	1.5	5,382	1.9	5,735	1.5
Total	287,099	100.0	286,301	100.0	370,073	100.0

Note:

(1) Other expenses mainly include travel expenses, property management fees and utilities.

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Selling and Marketing Expenses

Our selling and marketing expenses primarily include (i) employee benefit expenses incurred for sales and marketing staff; (ii) marketing and promotional expenses incurred for exhibitions, conferences and other promotional activities; (iii) depreciation; and (iv) third-party service fees and other consulting fees incurred with third-party contractors for marketing and pre-sales support. The following table sets out a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee benefit expenses	27,021	58.6	32,514	55.3	33,952	48.0
Marketing and promotional expenses	12,950	28.1	18,534	31.5	22,806	32.3
Depreciation	2,908	6.3	3,390	5.8	9,436	13.3
Third-party service fees and other consulting fees	1,459	3.2	537	0.9	416	0.6
Share-based payment expenses	—	—	532	0.9	—	0.0
Other expenses	1,748	3.8	3,303	5.6	4,095	5.8
Total	46,086	100.0	58,810	100.0	70,705	100.0

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses incurred for general administration staff; (ii) share-based payment expenses incurred in relation to the grant of preferred rights to certain pre-IPO investors, which ceased to be effective when we submitted the listing application subject to certain conditions; (iii) professional fees primarily in relation to legal services; and (iv) listing expenses.

The following table sets out a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee benefit expenses	18,714	38.6	20,240	31.1	22,607	35.3
Professional fees	2,608	5.4	4,953	7.6	4,102	6.4
Listing expenses	15,757	32.5	26,276	40.4	21,234	33.1
Depreciation	2,781	5.7	2,703	4.2	3,874	6.0
Office expenses	1,863	3.8	2,208	3.4	2,444	3.8
Taxes and surcharges	2,560	5.3	2,731	4.2	3,682	5.7
Auditor's remuneration	773	1.6	568	0.9	423	0.7
Other expenses ⁽¹⁾	3,364	7.1	5,341	8.2	5,739	9.0
Total	48,420	100.0	65,020	100.0	64,105	100.0

Note:

(1) Other expenses primarily represent business entertainment expenses, travel expenses and utility expenses.

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Net Impairment Losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets primarily represent the provision for impairment on trade receivables and contract assets. The following table sets out a breakdown of our net impairment losses on financial assets and contract assets for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Impairment (losses)/gains on trade receivables and contract assets	(72,051)	(91,391)	(48,383)
Impairment (losses)/gains on other receivables and financial lease receivables	75	45	(55)
Total net impairment losses on financial assets and contract assets	<u>(71,976)</u>	<u>(91,346)</u>	<u>(48,438)</u>

Other Income

Our other income mainly represents government grants to encourage technology development and compensate our expenditure in R&D activities, value-added tax (VAT) refund and deduction. The following table sets out a breakdown of our other income for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Government grants	13,241	32,749	16,084
VAT refund and VAT super-deduction	2,328	3,382	809
Others	177	182	184
Total	<u>15,746</u>	<u>36,313</u>	<u>17,077</u>

Other (Losses)/Gains, Net

Our net other (losses)/gains primarily consist of (i) net fair value gains on financial assets at fair value through profit or loss, representing the gains or losses on our equity investments in unlisted AI companies and investments in wealth management products; (ii) net fair value (losses)/gains on financial liabilities at fair value through profit or loss; (iii) impairment of an associate; and (iv) other items.

The following table sets out a breakdown of net other (losses)/gains in absolute amounts for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Net fair value (losses)/gains on financial assets at fair value through profit or loss . . .	(347)	12,018	(7,495)
Net fair value (losses)/gains on financial liabilities at fair value through profit or loss	(35)	(731)	13
Financial subleasing related income	334	171	222
Potential loss on investments accounted for using the equity method ⁽¹⁾	—	—	(4,900)
Other items	(1,315)	(879)	(1,804)
Total	<u>(1,363)</u>	<u>10,579</u>	<u>(13,964)</u>

Note:

(1) Potential loss on investments accounted for using the equity method represents our potential loss from subscribed capital contributions to an associate operating in the AI industry.

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Finance Costs, Net

Our net finance costs mainly represent the difference between finance income and finance costs. Our finance income represents interest income on current deposits and our finance costs include (i) interest on redemption liabilities in relation to the preferred rights granted to certain investors, see “History, Development and Corporate Structure — Pre-IPO Investments”; (ii) interest on bank borrowings; and (iii) interest expenses for lease liabilities.

The following table sets out a breakdown of our finance income, finance costs and net finance costs in absolute amounts for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Finance income			
Interest income from bank deposits	314	1,875	2,298
Finance costs			
Interest expenses on redemption liabilities	(176,429)	(208,845)	(264,595)
Interest expenses on bank borrowings	(340)	(2,808)	(5,323)
Interest expenses on lease liabilities	(906)	(731)	(1,020)
Interest expenses on borrowing from sales and leaseback	—	(386)	(5)
Finance costs - net	(177,361)	(210,895)	(268,645)

Share of profit/(loss) from investments accounted for using the equity method

We had share of profit from investments accounted for using the equity method of RMB1.1 million in 2022, share of loss from investments accounted for using the equity method of RMB2.6 million in 2023, representing our share of profit from our associates which operate in the AI industry. We hold between 20% and 50% of the voting rights of these associates, and are considered to have significant influence but not control over these associates. We did not have share of profit or loss from such investments in 2024, as its carrying amount has decreased to nil. See Note 13 to the Accountant’s Report in Appendix I to this prospectus.

Income Tax Expense

We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate.

The table below sets forth a breakdown of our income tax (credit)/expense for the years indicated:

	Year ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Current tax	33	2,309	80
Deferred income tax (credit)/expense	(222)	346	(242)
Income tax (credit)/expense	(189)	2,655	(162)

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Hong Kong

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% on assessable profits up to HKD2.0 million, and 16.5% on any part of assessable profits over HKD2.0 million for the Track Record Period.

PRC

Our income tax provision in respect of our operations in the PRC was subject to a statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

The Company, Shenzhen Unisound and Shanghai Unisound were qualified as High and New Technology Enterprises under the relevant PRC laws and regulations. Accordingly, these entities were entitled to a preferential income tax rate of 15% during the Track Record Period. This status is subject to a requirement that the Company, Shenzhen Unisound and Shanghai Unisound shall reapply for the status of High and New Technology Enterprises every three years.

As of the Latest Practicable Date, we did not have any dispute with any tax authority. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any tax investigation, enquiries, penalties or surcharges.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2024 compared to year ended December 31, 2023

Revenue

Our total revenue increased by 29.1% from RMB727.3 million in 2023 to RMB939.0 million in 2024, attributable to the revenue growth in both Daily Life and Healthcare.

Daily Life

Our revenue from Daily Life increased by 27.8% from RMB578.7 million in 2023 to RMB739.8 million in 2024, primarily driven by our expanded AI solution offerings, particularly our smart park solutions with advanced carbon reduction capabilities, as well as our AI technology services.

Healthcare

Our revenue from Healthcare increased by 34.4% from RMB148.2 million in 2023 to RMB199.2 million in 2024, primarily driven by the increase in both customer spending and the number of projects for clinical decision support systems, as we enhanced our solutions and expanded functions, while enabling rapid deployment across new business scenarios through our UniGPT capabilities.

Cost of sales and services

Our cost of sales and services increased by 32.7% from RMB432.8 million in 2023 to RMB574.5 million in 2024. The increase in third-party service fees was primarily driven by growing demand for customized application development services related to specific project implementation,

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such as UI design, interface development, and other client-specific customizations based on our standard products. As our business scale expanded, we chose to outsource these non-core development tasks to optimize costs and improve project delivery efficiency.

Gross profit and gross profit margin

As a result of foregoing, our gross profit increased by 23.8% from RMB294.5 million in 2023 to RMB364.5 million in 2024. Our gross profit margin slightly decreased from 40.5% in 2023 to 38.8% in 2024, primarily due to (i) an increase in procurement of hardware components, advanced computing and storage devices, to support our integrated hardware-software AI technology services, and (ii) we expanded our AI chips portfolio to offer more affordable products in line with the market demands.

Research and development expenses

Our research and development expenses increased by 29.3% from RMB286.3 million in 2023 to RMB370.1 million in 2024, primarily due to (i) an increase in the third-party service fees for developing application software across new scenarios and upgrading existing products, being non-core R&D activities, and (ii) an increase in the server costs and cloud-based service fees due to increased needs for computing services.

Selling and marketing expenses

Our selling and marketing expenses increased by 20.2% from RMB58.8 million in 2023 to RMB70.7 million in 2024, primarily due to an increase in the depreciation expenses in relation to our newly established exhibition halls for sales activities and increase in marketing and promotion expenses as a result of increase in sales and marketing activities to support our expanding business operations.

Administrative expenses

Our administrative expenses decreased by 1.4% from RMB65.0 million in 2023 to RMB64.1 million in 2024, primarily attributable to the decrease in listing expenses.

Net impairment losses on financial assets and contract assets

Our net impairment loss on financial assets and contract assets decreased from RMB91.3 million in 2023 to RMB48.4 million in 2024, which primarily represented the decrease in provision for aging trade receivables. The decrease was primarily due to a lower expected credit loss rate, attributable to our improved collection results.

Other income

Our other income decreased from RMB36.3 million in 2023 to RMB17.1 million in 2024, primarily in relation to the government grants obtained for our R&D projects.

Other (losses)/gains, net

We had other net gains of RMB10.6 million in 2023 and other net losses of RMB14.0 million in 2024, primarily due to changes in the net fair value gains on financial assets at fair value through profit or loss related to equity investment in unlisted AI companies, as well as potential loss on investments accounted for using the equity method.

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Finance costs, net

Our net finance costs increased from RMB210.9 million in 2023 to RMB268.6 million in 2024, primarily due to an increase in our finance costs by 27.3% from RMB212.8 million in 2023 to RMB270.9 million in 2024. This was mainly attributable to an increase in interest expense on redemption liabilities in relation to the preferred rights granted to investors. See “History, Development and Corporate Structure—Pre-IPO Investments.”

Share of profit/(loss) from investments accounted for using the equity method

We did not have share of profit or loss from such investments in 2024, as the carrying amount had decreased to nil.

Income tax expense

We had income tax expense of RMB2.7 million in 2023 and income tax credit of RMB0.2 million in 2024, primarily representing the accumulated deductible income tax credits.

Profit/Loss for the Year

As a result of the foregoing, our loss increased by 20.7% from loss of RMB376.2 million in 2023 to loss of RMB454.2 million in 2024.

Year ended December 31, 2023 compared to year ended December 31, 2022

Revenue

Our total revenue increased by 21.1% from RMB600.6 million in 2022 to RMB727.3 million in 2023.

Daily Life

Our revenue from Daily Life increased by 18.9% from RMB486.7 million in 2022 to RMB578.7 million in 2023, primarily driven by our expanded AI solution offerings, especially in industry verticals such as smart park, and the increased sales of AI chips for IoT devices.

Healthcare

Our revenue from Healthcare increased by 30.6% from RMB113.5 million in 2022 to RMB148.2 million in 2023, primarily driven by a growing demand for efficiency tools and clinical decision support systems in line with the industry trend of intelligence upgrade of internal systems among hospitals.

Cost of sales and services

Our cost of sales and services increased by 20.0% from RMB360.7 million in 2022 to RMB432.8 million in 2023, primarily due to increases in cost of hardware and third-party service fees for software development support and computing that facilitated the delivery of projects.

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Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased from RMB239.9 million in 2022 to RMB294.5 million in 2023. Our gross profit margin remained relatively stable, being 39.9% in 2022 and 40.5% in 2023.

Research and development expenses

Our research and development expenses slightly decreased by 0.3% from RMB287.1 million in 2022 to RMB286.3 million in 2023, benefiting from the improved efficiency brought by our previous investment in core technologies.

Selling and marketing expenses

Our selling and marketing expenses increased by 27.5% from RMB46.1 million in 2022 to RMB58.8 million in 2023, primarily attributable to an increase in sales and marketing activities to support our expanding business operations.

Administrative expenses

Our administrative expenses increased by 34.3% from RMB48.4 million in 2022 to RMB65.0 million in 2023, primarily due to an increase in listing expenses.

Net impairment losses on financial assets and contract assets

Our net impairment loss on financial assets and contract assets increased from RMB72.0 million in 2022 to RMB91.3 million in 2023. Our net impairment loss on financial assets and contract assets in 2023 primarily represent the provision for aging trade receivables.

Other income

Our other income increased significantly from RMB15.7 million in 2022 to RMB36.3 million in 2023, primarily attributable to the government grants for our R&D projects.

Other (losses)/gains, net

We had other net gains of RMB10.6 million in 2023 as compared to other net losses of RMB1.4 million in 2022, primarily attributable to an increase in the net fair value gains on financial assets at fair value through profit or loss related to equity investment in unlisted AI companies.

Finance costs, net

Our net finance costs increased from RMB177.4 million in 2022 to RMB210.9 million in 2023, primarily due to an increase in our finance costs by 19.8% from RMB177.7 million in 2022 to RMB212.8 million in 2023. This was mainly attributable to an increase in interest expense on redemption liabilities in relation to the preferred rights granted to investors. See “History, Development and Corporate Structure — Pre-IPO Investments.”

Share of profit/(loss) from investments accounted for using the equity method

We had share of loss from investments in associates amounting to RMB2.6 million in 2023, as compared to share of profit of RMB1.1 million in 2022, primarily attributable to losses from an associate we invested in.

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Income tax expense

We had income tax expenses of RMB2.7 million in 2023 and income tax credit of RMB0.2 million in 2022.

Loss for the year

As a result of the foregoing, our loss for the year increased by 0.2% from RMB375.4 million in 2022 to RMB376.2 million in 2023.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Non-current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	14,533	19,160	28,081
Right-of-use assets	12,422	8,645	10,385
Intangible assets	560	498	8,791
Deferred income tax assets	399	53	295
Investments accounted for using the equity method	2,617	—	—
Financial assets at fair value through profit or loss	21,680	30,588	24,347
Financial lease receivables	670	—	3,725
Other non-current assets	—	47,393	47,393
Total non-current assets	52,881	106,337	123,017
Non-current liabilities			
Lease liabilities	4,372	4,685	7,583
Redemption liabilities	2,108,990	3,038,456	3,303,051
Other non-current liabilities	45,033	26,434	29,625
Total non-current liabilities	2,158,395	3,069,575	3,340,259
Net non-current assets/liabilities	(2,105,514)	(2,963,238)	(3,217,242)

Property, Plant and Equipment

Our property, plant and equipment primarily comprised of servers, office equipment, testing equipment, and leasehold improvement.

As of December 31, 2022, 2023 and 2024, the balance of our property, plant and equipment was RMB14.5 million, RMB19.2 million and RMB28.1 million, respectively. The increase in the balance of our property, plant and equipment as of December 31, 2023 compared to December 31, 2022 was primarily due to acquisition of servers and computers. The increase in the balance of our property, plant and equipment as of December 31, 2024 compared to December 31, 2023 was primarily due to leasehold improvement in relation to our newly established exhibition halls, as well as the acquisition of servers, displays and computers.

Right-of-use Assets

Our right-of-use assets primarily represent leasehold office premises. As of December 31, 2022, 2023 and 2024, the balance of our right-of-use assets was RMB12.4 million, RMB8.6 million

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and RMB10.4 million, respectively. The decrease in the balance of our right-of-use assets as of December 31, 2023 compared to December 31, 2022 was primarily due to termination of certain office leases. The increase in the balance of our right-of-use assets as of December 31, 2024 compared to December 31, 2023 primarily represented our new and renewal of office leases.

Investments Accounted for Using the Equity Method

We record our investments in associates using the equity method. As of December 31, 2022, 2023 and 2024, the balance of our investments accounted for using the equity method was RMB2.6 million, nil and nil, respectively. The decrease in the balance as of December 31, 2023 compared to December 31, 2022 was primarily due to the losses of Shanghai Maosheng Intelligence Technology Co., Ltd in 2023. The balance as of December 31, 2024 remained unchanged, reflecting the accumulated losses. See Note 13 to the Accountant's Report in Appendix I to this prospectus.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss recorded as non-current assets represented equity investments at fair value in unlisted AI companies. Our financial assets at fair value through profit or loss recorded as current assets represented investments in wealth management products purchased from state-owned or international financial institutions in the PRC, primarily consisting of fixed income instruments, structured deposits and open-end non-principal-guaranteed wealth management products. The annual return rate of our wealth management products was 1.17%-2.83% and 1.05%-2.65% in 2023 and 2024, respectively, for structured deposits and 1.23%-2.37% in 2023 for open-end non-principal-guaranteed products. See Note 25 to the Accountant's Report in Appendix I to this prospectus.

The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current assets			
Unlisted equity investments	21,680	30,588	24,347
Current assets			
Investment in wealth management products	—	69,010	—
Total	21,680	99,598	24,347

The balance of our non-current financial assets at fair value through profit or loss increased from RMB21.7 million as of December 31, 2022, to RMB30.6 million as of December 31, 2023 and decreased to RMB24.3 million as of 2024, primarily due to the overall valuation change of the investee companies. As of December 31, 2024, our unlisted equity investments mainly included (i) investment in Shenzhen Tongxingzhe Technology Co., Ltd, a provider for vehicle intelligent voice interaction solutions operated on Internet of Vehicles platform, with fair value of RMB20.9 million; (ii) investment in Anhui Xinzhi Technology Co., Ltd., a developer for automotive-grade chips and cockpit software for voice interactions, with fair value of RMB1.1 million; and (iii) investment in Shenzhen Beiyu Information Technology Co., Ltd., a provider of IoT products, with fair value of RMB59.5 thousand. We make investments in AI companies in accordance with our business development strategy to establish a presence in the interconnected sectors such as Internet of Vehicles, automotive chips, and IoT, which help us expand the use cases for our products.

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The balance of our current financial assets at fair value through profit or loss increased from nil as of December 31, 2022 to RMB69.0 million as of December 31, 2023 as we purchased wealth management products mainly comprising (i) structured deposit of RMB50.0 million with China CITIC Bank, (ii) structured deposit of RMB10.0 million with China Minsheng Bank, and (iii) open-end non-principal guaranteed product of RMB9.0 million issues by ICBC. The balance of our current financial assets at fair value through profit or loss decreased from RMB69.0 million as of December 31, 2023 to nil as of 2024, as we redeemed the wealth management products.

We monitor and control the investment risks with a comprehensive set of internal policies and guidelines to manage our investments. Our Board determines our investment strategies. Our investment strategy related to wealth management products focuses on minimizing the financial risks by reasonably matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. To control our risk exposure, we make investment decisions related to wealth management products after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products comprehensively. Prior to making any material investments in wealth management products or modifying our existing investment portfolio, the proposal shall be reviewed and approved by our chief executive officer, chief financial officer and financial manager jointly. Our chief cashier is responsible for establishing asset register of wealth management products and prepare weekly asset report for daily maintenance, and our chief financial officer and financial manager shall promptly manage the wealth management products in accordance with such asset register and weekly asset report. Our management, including our finance department, has extensive experience in managing the financial aspects of enterprise's operations. The investment in financial assets at fair value through profit or loss after the Listing will be subject to the compliance with Chapter 14 of the Listing Rules.

Redemption Liabilities

Pursuant to the Shareholders Agreement, our Pre-IPO Investors had been granted redemption rights to require us to repurchase our equity instruments. We recognize such obligation to repurchase as redemption liabilities, which are initially measured at present value of the expected cash flows for settling the related obligations and subsequently measured at amortized cost. As a result, we had redemption liabilities of RMB2,109.0 million, RMB3,038.5 and RMB3,303.1 million as of December 31, 2022, 2023 and 2024, respectively. Pursuant to the Shareholder Agreement, all the special rights of the Pre-IPO Investors ceased to be effective when we submitted the listing application to the Stock Exchange, subject to certain conditions. See “History, Development and Corporate Structure – Pre-IPO investments” and Note 30 to the Accountant's Report in Appendix I to this prospectus.

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Current Assets and Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30
		(RMB in thousands)		2025
				(unaudited)
Current Assets				
Inventories	33,614	67,853	140,292	168,418
Contract assets	3,908	4,123	4,969	6,635
Trade receivables	368,860	411,053	559,242	459,594
Prepayments and other receivables	32,170	66,256	89,530	153,854
Financial assets at fair value through profit or loss	—	69,010	—	—
Financial lease receivables	3,293	750	2,909	3,016
Cash and cash equivalents	74,118	379,224	156,476	116,646
Restricted cash	—	—	3,541	3,015
Total current assets	515,963	998,269	956,959	911,178
Current liabilities				
Trade and other payables	192,782	181,455	232,895	212,042
Contract liabilities	55,877	64,804	86,265	106,250
Salary and welfare payable	22,966	15,233	15,052	13,671
Borrowings	35,000	65,000	145,378	133,092
Financial liabilities at fair value through profit or loss	667	2,383	2,370	2,370
Lease liabilities	14,395	4,913	10,665	11,128
Total current liabilities	321,687	333,788	492,625	478,552
Net current assets	194,276	664,481	464,334	432,626

Our net current assets decreased from RMB664.5 million as of December 31, 2023 to RMB464.3 million as of December 31, 2024, mainly reflecting (i) a decrease in the cash and cash equivalents in relation to our cash outflow to support business operations and (ii) an increase in the borrowings, partially offset by an increase in the trade receivables. Our net current assets increased from RMB194.3 million as of December 31, 2022 to RMB664.5 million as of December 31, 2023, primarily due to an increase in total current assets from RMB516.0 million to RMB998.3 million, mainly reflecting (i) an increase in financial assets at fair value through profit or loss due to purchase of wealth management products, and (ii) an increase in cash and cash equivalents as we completed the Series D3 financing in 2023.

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Inventories

Our inventories primarily include (i) purchased hardware and software, mainly including AI chips, modules, devices and support software, and (ii) contract fulfillment cost including staff costs, software and hardware procurement costs, and travel expenses for the development of AI solution that will be recognized as revenue once our customers accept delivery. Our contract fulfillment period, depending on the complexity of products and solutions we offer, typically ranges from one to six months. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Purchased hardware and software	23,333	23,301	28,435
Contract fulfillment cost	17,056	53,021	119,339
Less: allowance for impairment of inventories	(6,775)	(8,469)	(7,482)
Total	<u>33,614</u>	<u>67,853</u>	<u>140,292</u>

Our inventory balance increased from RMB33.6 million as of December 31, 2022, to RMB67.9 million as of December 31, 2023 and further increased to RMB140.3 million as of December 31, 2024. The increase in inventory balance mainly reflect the changes in contract fulfillment cost, arising from certain major solution projects that had not yet been delivered by the year end. These projects are mainly under our Daily Life solutions business, with relevant enterprise customers or system integrators primarily operating in technology industries. These projects generally have a longer delivery period, where revenue is only recognized when certain milestone acceptance standards are met. As a result, during the execution process of these projects, we tend to carry substantial contract fulfillment cost.

We assess impairment to inventories from time to time during the Track Record Period, and may make provision to write down our inventories to the net realizable value if the inventories become expired or damaged, or their prices went down, and their net realizable value substantially decreases. During the Track Record Period, we experienced increased inventory turnover days, which are 46 days, 49 days and 71 days in 2022, 2023 and 2024, respectively, and experienced fluctuations in the balance of inventories aged six months to one year, which amounted to RMB5.7 million, RMB3.7 million and RMB24.0 million as of December 31, 2022, 2023 and 2024. The significant increase in turnover days of 2024 and inventory balance aged six months to one year as of December 31, 2024 were mainly related to an increase in contract fulfillment costs primarily reflecting ongoing deliveries for large-scale public transit projects for public sector end-users where customer acceptance and payment occur only upon final project completion. We consider the risk of inventory recovery between six months to one year to be relatively low, as the contract fulfillment costs are all in relation to profitable contracts with acceptable margin that are progressing normally and are expected to be completed by the end of 2025, subject to the actual construction progress of the specific project. During the Track Record Period, we experienced fluctuations in the balance of inventories aged more than one year, which amounted to RMB21.2 million, RMB16.6 million and RMB18.0 million as of December 31, 2022, 2023 and 2024. Meanwhile, we had allowance for impairment of inventories of RMB6.8 million, RMB8.5 million and RMB7.5 million as of December 31, 2022, 2023 and 2024, respectively, mainly related to purchased hardware and software. We consider the risk of inventory recovery over one year is relatively low, and that we have made sufficient provision, since (i) we procured general-use inventory items including chips, microphones, and screens in bulk from suppliers for future sales and post-sale maintenance, which have a relatively long shelf life, are generally maintained in good condition to be gradually consumed through ongoing contracts; (ii) during the

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Track Record Period, we strategically procured specific-use inventories, such as chip modules, in anticipation of certain business scenarios while exploring business opportunities. We had adjusted our procurement strategy to reduce stock levels and mitigate the risk of inventory losses as market conditions and availability of chip modules have improved; and (iii) during the Track Record Period, we experienced an inventory backlog due to the effects of COVID-19, which we plan to consume over time. On the other hand, as almost all of the balances of contract fulfillment costs were related to ongoing projects not being delivered to and accepted by the customers yet due to the projects process, we expected that the contract amounts could be recovered upon delivery and acceptance and determined that the net realizable value of those contract fulfillment costs was higher than their related incurred and expected costs, therefore no provision was made for most of the contract fulfillment costs.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Up to 3 months	12,841	50,735	88,955
3 to 6 months	626	5,224	16,836
6 months to 1 year	5,687	3,721	24,028
Over 1 year	21,235	16,642	17,955
Less: allowance for impairment of inventories	(6,775)	(8,469)	(7,482)
Total	33,614	67,853	140,292

The following table sets forth the turnover days of our inventories for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Inventory turnover days ⁽¹⁾	46	49	71

Note:

(1) Inventory turnover days for a period equals the average of the gross value of the opening and closing inventories balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

Our inventory turnover days remained relatively stable during the Track Record Period at 46 days, 49 days and 71 days in 2022, 2023 and 2024, respectively. The increases in turnover days in 2023 and 2024 were primarily due to an increase in contract fulfillment cost primarily reflecting ongoing deliveries for large-scale public transit projects for public sector end-users where customer acceptance and payment occur only upon final project completion. These projects are expected to be completed by the end of 2025, subject to the actual construction progress of the specific project.

As of April 30, 2025, RMB50.2 million, or approximately 34.0%, of our inventories as of December 31, 2024 had been delivered or consumed, demonstrating substantial improvement as compared to 17.4% as of February 28, 2025.

Contract Assets

Contract assets are recognized if our right to receive contractual payment is conditional upon factors including end user payment and completion of warranty period. See Note 6 to the Accountant's Report in Appendix I to this prospectus. As of December 31, 2022, 2023 and 2024, the balance of our contract assets was RMB3.9 million, RMB4.1 million and RMB5.0 million, respectively.

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The following table sets out a breakdown of our contract assets as of the date indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Daily Life	1,834	3,593	3,265
Healthcare	3,091	1,764	2,482
Less: allowance for impairment of contract assets	(1,017)	(1,234)	(778)
Total	3,908	4,123	4,969

As of April 30, 2025, RMB0.1 million, or approximately 2.3% of our contract assets as of December 31, 2024 had been certified.

Trade Receivables

Our trade receivables are amounts due from customers for products sold and services we performed in the ordinary course of business.

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Expected credit loss rate	27.2%	34.0%	30.1%
Trade receivables	506,410	623,179	800,492
Less: allowance for impairment of trade receivables	(137,550)	(212,126)	(241,250)
Total	368,860	411,053	559,242

As of December 31, 2022, 2023 and 2024, our trade receivables were RMB368.9 million, RMB411.1 million and RMB559.2 million, respectively. The increase in our trade receivables as of December 31, 2022, 2023 and 2024 were generally in line with our revenue growth.

We decide trading terms with our customers on a case-by-case basis. The credit terms given to our trade customers are determined on an individual basis with normal credit period mainly within 180 days. The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Up to 1 year	323,966	414,111	563,196
1 to 2 years	133,944	108,459	121,264
More than 2 years	48,500	100,609	116,032
Total	506,410	623,179	800,492

Due to the general market condition and increased market competition, certain of our customers from both public and private sectors experienced a slowdown in operational capital turnover, and their internal payment approval processes have lengthened. As of December 31, 2024, we had outstanding balance of trade receivables of RMB800.5 million, with approximately RMB237.3 million aged over one year. The increase in the balance of trade receivable aged over two years, resulting from a combination of uncollected long-aged trade receivables as of December 31, 2024, and receivables that aged one to two years as of December 31, 2023 that remained uncollected in 2024, was primarily due to the delay relating to the collection with a number of customers who, facing certain financial

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hardships, are experiencing a slower recovery. For example, certain of our public sector customers faced extended budget constraints during the pandemic, which subsequently impacted their capacity to settle the historical receivables with us; additionally, some private sector customers in the real estate industry had extended their payment schedules due to the overall downturn in the industry. However, with shifts in real estate policies and the economy entering a recovery period after the pandemic, we expect an improvement in the payment collection. We performed an impairment assessment at the end of each of the year within the Track Record Period and made provision of RMB171.4 million for trade receivables aged over one year as of December 31, 2024.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated by customer type:

	As of December 31,					
	2022		2023		2024	
	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector
	<i>(RMB in thousands)</i>					
Up to 1 year	221,359	102,607	271,375	142,736	324,048	239,148
1 to 2 years	51,764	82,180	78,218	30,241	105,207	16,057
More than 2 years	18,131	30,369	46,079	54,530	72,056	43,976
Total	291,254	215,156	395,672	227,507	501,311	299,181

The following table sets forth the turnover days of our trade receivables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days ⁽¹⁾	254	283	277

Note:

(1) Trade receivables turnover days for a period equals the average of the gross value of the opening and closing trade and bills receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

During the Track Record Period, we had an increase in the total balance of trade receivables; meanwhile, our trade receivables turnover days increased from 254 days in 2022, to 283 days in 2023 and decreased to 277 days in 2024. Our relatively high trade receivables turnover days during the Track Record Period were primarily attributed to our public sector customers, who typically have longer payment cycles as a result of their stringent internal financial management and payment approval processes.

We had a continuous increase in the trade receivables due from our public sector customers, which primarily comprised receivables aged up to one year as a result of our business expansion within the sectors, including transportation and healthcare. The turnover days for public sector customers were 234, 330 days and 338 days in 2022, 2023 and 2024, respectively. The increase is primarily because we had been continuously expanding our business in the public sectors such as transportation and healthcare, the customers of which, mainly including government departments, public institutions and state-owned enterprises, typically have a longer payment cycle in accordance with their internal financial management and payment approval processes. We believe that our expansion in the public sector aligns with our long-term growth objectives, and has the potential to deliver value by broadening the application of our offerings to meet the diverse needs of the public in multiple facets of daily life. On the other hand, we experienced prolonged collection for long-term receivables due from certain public sector customers in 2022, most of the underlying transactions occurred in the preceding years, at

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a time when public sector end users redirected their funds with prioritized efforts to control and combat the pandemic. We are still in the process of collecting these long-term trade receivables incurred in the preceding years, leading to an increase in the receivables aged more than two years as of December 31, 2024 compared to the balance as of December 31, 2023.

The balance of trade receivables relating to private sector end users slightly increased from RMB215.2 million as of December 31, 2022 to RMB227.5 million as of December 31, 2023 and further increased to RMB258.7 million as of December 31, 2024. The turnover days for private sector customers amounted to 278 days in 2022 and 232 days in 2023, as certain of our customers were in the process of improving their overall liquidity condition during a slow post-pandemic recovery. The turnover days for private sector customers decreased to 211 days in 2024, attributable to our enhanced collection efforts. We managed our long-term trade receivables by implementing collection plans and providing sufficient provision, and had a continuous decrease in the balance of trade receivables aged over one year relating to private sector end users during the Track Record Period.

We frequently assess the recoverability of our trade receivables, and make sufficient provision based on the customers' past credit history and ongoing monitoring of their financial position. Our allowance for impairment of trade receivables amounted to RMB137.6 million, RMB212.1 million and RMB241.3 million as of December 31, 2022, 2023, and 2024 respectively. We had an increase in allowance for impairment during the Track Record Period, primarily attributable to (i) an increase in the proportion of long aging accounts, for which a higher expected credit loss rate is applied when we make provision; and (ii) that we adjusted the expected loss rates based on the historical and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. See “– Financial Risk Disclosure – Financial Risk Factors – Credit Risk – Trade receivables and contract assets.” Details of the measurement of expected credit losses under which the lifetime expected credit losses for all trade receivables and contract assets are estimated are disclosed in Note 3.1 of the Accountant's Report in Appendix I to this prospectus. The reporting accountant's opinion on our Historical Financial Information, as a whole, for the Track Record Period is set out on I-2 to I-3 to this prospectus.

We have been making continual efforts to collect the trade receivables. As of December 31, 2024, we had collected approximately 90% of the trade receivables from the revenue in 2022 (aged between two to three years), approximately 85% from the revenue in 2023 (aged between one to two years), and approximately 45% from the revenue in 2024 (aged within one year). Approximately RMB 190.2 million, or 23.8%, of our total trade receivables as of December 31, 2024, had been settled as of April 30, 2025.

We took the following measures to further address the recoverability of trade receivables, in particular those aged over one year:

- As a general policy, we evaluate the recoverability of our trade receivables and frequently communicate with our customers to control credit risks. We monitor long-aging trade receivables closely and update the collection status of trade receivables on a regular basis. Our business department works with customers to develop feasible payment plans, and the success of these plans is used as a performance indicator for the sales team. We may resort to legal actions in accordance with the contract terms where necessary.
- We regularly assess the recoverability of the balance attributable to both public and private sector customers and have made sufficient provision based on their respective

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characteristics and liquidity. Customers or end users from public sector typically feature a long payment cycle due to their internal financial management and payment approval procedures. We have also reviewed publicly accessible information regarding our private sector customers and kept constant communication with them. Specifically, in line with our overall provision policies for trade receivables as of December 31, 2024, the provisions we made for unsettled trade receivable balance aged over 2 years as of December 31, 2024 have fully covered the unsettled amount.

- During the Track Record Period, we had transactions with Shimao Group Holdings Limited (“**Shimao Group**”) totaling RMB120.1 million. Historically, the collection of payments from Shimao Group has been slower than anticipated due to factors such as the adverse impact of pandemic and industry policies. As of December 31, 2024, we had trade receivables of RMB28.7 million, of which we made provision of RMB26.3 million, and contract assets of RMB0.12 million, of which we made provision of RMB0.01 million, with Shimao Group. We had collected the majority of the total trade receivables generated from transactions with Shimao Group as of April 30, 2025, amounting to approximately RMB296.5 million. Approximately RMB1.3 million of our total trade receivables with Shimao Group as of December 31, 2024, had been settled as of April 30, 2025. We are in active communication with the Shimao Group and will closely monitor the collection. We have carefully evaluated Shimao Group’s past payment behaviors and credit risk and provided provision accordingly. We believe that we have made sufficient provisions in line with the expected credit loss for Shimao Group’s trade receivables during the Track Record Period to address the potential recovery risks, and there is unlikely to be material adverse impact on our financial and business performance in relation to such receivables.
- In addition, we have conducted a reasonable assessment of the credit loss rate for overdue accounts and have made sufficient provisions for impairment. We assess and adjust the expected loss rate based on historical payment profiles, historical credit loss rates by industry, data from external credit rating institutions and macroeconomic factors that would affect customers’ payment capabilities. We also conduct individual assessments of the risk profiles for customers involved in legal proceedings, those with a substantial part of their trade receivable overdue for over a year or those considered high risk, and make provision accordingly.
- Besides enhancing the collection of existing receivables, we plan to enforce a more stringent customer admission policy, considering factors such as the historic overdue amount and duration of previous contracts. In addition, we are negotiating shorter credit period for customers with outstanding historical debts and raising their upfront payment percentage.

In light of the above, we believe that the collectability of the trade receivables has been adequately assessed based on our evaluation of the historical credit standing, ongoing monitoring and the credit quality of these customers, and that sufficient provision has been made.

We have carefully assessed the risk of accounts receivable recovery and made sufficient provision by reviewing the customer accounts on a case-by-case basis, taking into account of the individual or grouped impairment and the corresponding expected credit loss rate. Our provision for impairment increased during the Track Record Period in line with the increase of trade receivables (the “Company’s Assessment on Trade Receivables”).

Based on the independent due diligence work conducted by the Joint Sponsors and having considered the views and basis of our Company as disclosed above, save for the trade receivable with

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Shimao Group which is subject to proposed winding up petition as disclosed in the section headed “Business - Customers - Collaboration with Shimao Group” above, the Joint Sponsors concur with the Company’s Assessment on Trade Receivables in all material respect.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consist of prepayments to suppliers (including but not limited to, prepayments for software and hardware procurement, technical services and capitalized listing expenses), rental, building and other deposits, and value-added tax to be deducted.

The following table sets forth our other receivables and prepayments as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Prepayments to suppliers	23,348	49,778	67,849
Rental, bidding and other deposits	6,032	7,585	6,239
Deductible VAT input	2,939	9,018	15,561
Others	3	4	3
Less: allowance for impairment of other receivables	(152)	(129)	(122)
Total	<u>32,170</u>	<u>66,256</u>	<u>89,530</u>

As of December 31, 2022, 2023 and 2024, our other receivables and prepayments were RMB32.2 million, RMB66.3 million and RMB89.5 million, respectively. The increase in our other receivables and prepayments in 2023 was primarily due to prepayments to suppliers including (i) an increase of RMB14.9 million in the software and hardware procurement to support ongoing implementation projects as our business expanded, as well as product and prototype demonstration in certain of our subsidiaries to promote the application of AI technologies, and (ii) an increase in the capitalized listing expenses of RMB10.7 million. Our prepayments and other receivables increased to RMB116.3 million as of December 31, 2024, primarily due to (i) a continued increase of in the prepayments to suppliers for hardware for project implementation and technical service fees in support of R&D activities, which together represent our orders placed with external suppliers to secure supplies that meet our annual business expansion plan and ensure future delivery timelines.

As of April 30, 2025, RMB36.9 million, or approximately 41.1%, of our prepayments and other receivables as of December 31, 2024 had been settled.

Trade and Other Payables

Our trade and other payables primarily represent (i) trade payables, (ii) tax payables, and (iii) other payables, consisting of payables for third party service fees, listing fees, social securities and housing benefits, borrowing from sales and leaseback, and property, plant and equipment.

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The following table sets out a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Trade payables			
Amounts due to third parties	156,482	135,857	164,796
Tax payables	3,880	5,112	12,954
Other payables			
Listing expenses	6,910	14,303	26,806
Technology service fees	20,187	20,906	23,764
Deposits	807	800	779
Borrowing from sales and leaseback	—	1,000	—
Others	4,516	3,477	3,796
Total	192,782	181,455	232,895

As of December 31, 2022, 2023 and 2024 the balance of our trade and other payables were RMB192.8 million, RMB181.5 million and RMB232.9 million, respectively. The decrease in the balance of trade and other payables as of December 31, 2023 as compared to that of December 31, 2022 was due to our settlement with suppliers in 2023, partially offset by an increase in third party service fees mainly representing listing expense. The increase in the balance of trade and other payables as of December 31, 2024 as compared to that of December 31, 2023 was mainly due to an increase in amounts due to our suppliers for procurement of hardware and software, which was in line with our business expansion, as well as an increase in payables for listing expenses.

We are generally granted a credit period of up to six months. The following table sets out an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Up to 1 year	94,067	81,486	109,792
1 to 2 years	56,452	16,226	21,610
Over 2 years	5,963	38,145	33,394
	156,482	135,857	164,796

As of April 30, 2025, RMB55.0 million, or approximately 33.4%, of our trade payables as of December 31, 2024 had been settled.

The following table sets forth the turnover days of our trade payables for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Trade payables turnover days ⁽¹⁾	135	123	96

Note:

(1) Trade payables turnover days for a period equals the average of the opening and closing trade payables balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

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Our trade payables turnover days decreased from 135 days in 2022 to 123 days in 2023 and further to 96 days in 2024 primarily reflecting our payment schedule and growing control on our supply chain.

Contract Liabilities

Our contract liabilities primarily represent the advance payments from customers upon which the performance obligations have been established while the underlying services are yet to be provided. The following table sets forth our contract liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Daily Life	42,294	53,920	80,884
Healthcare	12,909	10,884	5,381
Others	674	—	—
Total	55,877	64,804	86,265

As of December 31, 2022, 2023 and 2024, our contract liabilities were RMB55.9 million, RMB64.8 million and RMB86.3 million, respectively. We had a significant increase in the contract liabilities under Daily Life, which was consistent with our overall business expansion. This increase was partially offset by a decrease in contract liabilities under Healthcare segment, primarily due to the completion and delivery of previously contracted projects in the current year.

As of April 30, 2025, RMB31.1 million, or approximately 36.1%, of our contract liabilities as of December 31, 2024 had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2022, 2023 and 2024, we had cash and cash equivalents of RMB74.1 million, RMB379.2 million and RMB156.5 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of operating cash flow, equity and debt financing and net proceeds from the Global Offering. In addition, we had net proceeds of more than RMB700 million from recent Pre-IPO investment in 2023. See “History, Development and Corporate Structure — Pre-IPO Investments.”

Cash Flow

The following table sets out our cash flows for the years indicated:

	Year Ended December 31,		
	2022	2023	2024
	<i>(RMB in thousands)</i>		
Cash used in operations	(165,941)	(284,666)	(316,778)
Add:			
Interest received	314	1,875	2,298
Income tax paid	—	(1,324)	(957)
Addition of restricted cash	—	—	(3,541)
Net cash used in operating activities	(165,627)	(284,115)	(318,978)
Net cash generated from/(used in) investing activities	80,537	(128,735)	34,869
Net cash generated from financing activities	29,550	717,975	61,383
Net (decrease)/increase in cash and cash equivalents	(55,540)	305,125	(222,726)
Cash and cash equivalents at beginning of the year	129,650	74,118	379,224
Exchange effect on cash and cash equivalents	8	(19)	(22)
Cash and cash equivalents at the end of the year	74,118	379,224	156,476

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During the Track Record Period, we had net operating cash outflow of RMB165.6 million, RMB284.1 million RMB319.0 million in 2022, 2023 and 2024, respectively. The operating cash outflows were primarily due to our significant investments in research and development to improve our technology, products and solutions, and changes in working capital caused by growing trade receivables as our business expanded rapidly during the Track Record Period. Our trade receivable turnover and inventory turnover also impacted our cash position and cash conversion cycle given the prolonged period for cash receipt after revenue recognition primarily as a result of public sector customers with long payment cycles and relatively high inventory turnover days primarily as a result of contract fulfillment costs arising from ongoing projects that are yet to be delivered to and accepted by customers by the year end. We expect to improve our net operating cash outflows position by taking advantage of (i) our continuous revenue growth driven by expanding customer base and expanding product and solutions; (ii) improved operating efficiency with the launch of UniGPT, which are expected to elevate our research and development efficiency and boost the iterations of our products and solutions; and (iii) improved working capital efficiency. As our business continues to expand, we expect to achieve economies of scale in research and development, sales and marketing and governance and administration, thereby increasing the overall cost efficiency. See “Business – Business Sustainability.”

To enhance our management of working capital, we will continue to obtain better contract terms with our customers and suppliers and implement more stringent procedures for reviewing and approving credit terms. We aim to build relationships with more customers with strong credit profiles and improve our collection of trade receivables, narrowing the gap of turnover days of trade receivables and trade payables.

Net Cash used in Operating Activities

Net cash used in operating activities primarily comprises our loss before income tax for the period adjusted by (i) non-cash items, such as net finance costs, depreciation and amortization; and (ii) changes in working capital, such as trade receivables, contract liabilities, trade and other payables and contract assets.

In 2024, the net cash used in operating activities was RMB319.0 million, which was primarily attributable to our loss before income tax of RMB454.4 million, as adjusted by (i) the add-back of non-cash items, primarily comprising net finance costs of RMB268.6 million and net impairment losses on financial assets and contract assets recognized in profit or loss of RMB48.4 million; and (ii) changes in working capital, which primarily comprised an increase in trade receivables of RMB197.0 million, partially offset by an increase in trade and other payables of RMB53.0 million.

In 2023, the net cash used in operating activities was RMB284.7 million, which was primarily attributable to our loss before income tax of RMB373.6 million, as adjusted by (i) the add-back of non-cash items, primarily comprising net finance costs of RMB210.9 million and net impairment losses on financial assets and contract assets recognized in profit or loss of RMB91.3 million; and (ii) changes in working capital, which primarily comprised an increase in trade receivables of RMB133.4 million.

In 2022, the net cash used in operating activities was RMB165.9 million, which was primarily attributable to our loss before income tax of RMB375.6 million, as adjusted by (i) the add-back of non-cash items, primarily comprising net finance costs of RMB177.4 million and net impairment losses on financial assets and contract assets recognized in profit or loss of RMB72.0 million; and (ii) changes in working capital, which primarily comprised an increase in trade receivables of RMB176.0 million, partially offset by an increase in trade and other payables of RMB63.9 million.

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Net Cash (Used in)/Generated from Investing Activities

In 2024, the net cash generated from investing activities was RMB34.9 million, which was primarily due to proceeds from investments in financial assets at fair value through profit or loss of RMB150.0 million, partially offset by purchase of investments in financial assets at fair value through profit or loss of RMB82.3 million.

In 2023, our net cash flows used in investing activities were RMB128.7 million, primarily due to purchase of investments in financial assets at fair value through profit or loss of RMB803.0 million and payments for property, plant and equipment and intangible assets of RMB15.0 million, partially offset by proceeds from investments in financial assets at fair value through profit or loss of RMB737.1 million.

In 2022, our net cash flows generated from investing activities were RMB80.5 million, primarily due to proceeds from investments in financial assets at fair value through profit or loss of RMB170.8 million, partially offset by purchase of investments in financial assets at fair value through profit or loss of RMB88.9 million.

Net Cash Generated from Financing Activities

In 2024, the net cash generated from financing activities was RMB61.4 million, which was primarily attributable to proceeds from bank borrowings of RMB195.4 million, partially offset by repayment of bank borrowings of RMB115.0 million and payments of lease liabilities RMB13.0 million.

In 2023, our net cash flows generated from financing activities were RMB718.0 million, primarily attributable to proceeds from issuance of equity interests to Series D3 Investors of RMB722.0 million and proceeds from bank borrowings of RMB74.4 million, partially offset by repayment of bank borrowings of RMB44.4 million.

In 2022, our net cash flows generated from financing activities were RMB294.6 million, primarily attributable to proceeds from issuance of equity interests to Series D1 Investors of RMB383.4 million and proceeds from bank borrowings of RMB53.7 million, partially offset by repayment of bank borrowings of RMB114.6 million, payments of issuance costs for equity financing of Series D1 of RMB15.4 million and payments of lease liabilities of RMB11.2 million and interest expense paid of RMB2.3 million.

INDEBTEDNESS

As of April 30, 2025, being the indebtedness date for the purpose of the indebtedness statement, our indebtedness included: (i) borrowings, which were primarily unsecured bank loans; (ii) redemption liabilities; and (iii) lease liabilities. As of the same date, we had unutilized bank facilities amounted to RMB326.9 million.

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The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	April 30,
	(RMB in thousands)			2025
				(unaudited)
Borrowings	35,000	65,000	145,378	133,092
Other payable — borrowing from sales and leaseback	—	1,000	—	—
Redemption liabilities	2,108,990	3,038,456	3,303,051	3,394,737
Lease liabilities	18,767	9,598	18,248	25,495
Total	2,162,757	3,114,054	3,466,677	3,553,324

Borrowings

We incurred short-term and interest-bearing long-term borrowings of RMB35.0 million, RMB65.0 million, RMB145.4 million and RMB133.1 million as of December 31, 2022, 2023 and 2024, and April 30, 2025 respectively. See Note 37 of the Appendix I of this prospectus.

	As of December 31,			As of
	2022	2023	2024	April 30,
	(RMB in thousands)			2025
				(unaudited)
Bank loans, secured	—	40,000	50,000	73,092
Unsecured bank loans	35,000	25,000	60,000	60,000
Borrowings from discounted notes receivable ⁽¹⁾	—	—	35,378	—
	<u>35,000</u>	<u>65,000</u>	<u>145,378</u>	<u>133,092</u>

Note:

(1) Borrowings from discounted notes receivable are bank acceptance bills and the effective interest rates are 1.9%.

The effective interest rates for our unsecured bank loans ranged from 2.52% to 5.6% per annum. Our Directors confirm that, as of the Latest Practicable Date, there was no material covenant which would impact our ability to undertake additional debt financing. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Other payable — borrowing from sales and leaseback

We recognize the proceeds obtained from sales and leaseback business with a third party as borrowing due to there being no transfer of control of the goods or services in the transaction. As of December 31, 2022, 2023 and 2024 and April 30, 2025, our borrowing from sales and leaseback recognized as other payables amounted to nil, RMB1.0 million, nil and nil respectively.

Redemption Liabilities

As of December 31, 2022, 2023, and 2024 and April 30, 2025, our redemption liabilities were RMB2,109.0 million, RMB3,038.5 million, RMB3,303.1 million and RMB3,394.7 million, respectively, primarily representing our obligation to purchase our equity instruments, which is conditional on certain investors' exercising right to redeem.

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	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			(unaudited)
Redemption liabilities	2,108,990	3,038,456	3,303,051	3,394,737

Lease Liabilities

As of December 31, 2022, 2023, 2024 and April 30, 2025, our current and non-current lease liabilities amounted to RMB18.8 million, RMB9.6 million, RMB18.2 million and RMB25.5 million, respectively, primarily representing our lease of office premises and plants to support our overall business growth.

	As of December 31,			As of April 30,
	2022	2023	2024	2025
	(RMB in thousands)			(unaudited)
Lease liabilities				
Current	14,395	4,913	10,665	11,128
Non-current	4,372	4,685	7,583	14,367
	<u>18,767</u>	<u>9,598</u>	<u>18,248</u>	<u>25,495</u>

Indebtedness Statement

Except as disclosed above, during the Track Record Period and up to the indebtedness date, we did not have any 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. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2025 up to the date of this prospectus.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024 we did not have any material contingent liabilities.

COMMITMENTS

Capital Commitments

We did not have significant capital commitments as of December 31, 2022, 2023 and 2024 except that: (i) on April 25, 2023, we entered into an agreement with Jinan Supercomputing Industry Development Co., LTD (濟南超算產業發展有限公司) to acquire office space in National Supercomputing Center Jinan Science Park (國家超算濟南中心科技園) for an estimated cash consideration between RMB90 million and RMB100 million. As of December 31, 2024, we had accumulatively paid RMB47.4 million, representing approximately 50% of total expected purchase consideration. We expect to take delivery of the office space in 2025, and settle the remaining balance upon delivery; (ii) on January 9, 2024, our subsidiary Yunzhisheng (Xinyang) Digital Technology Co., Ltd. (雲知聲(信陽)數字科技有限公司) and Xinyang Huaxin Construction Investment Henan Southeast Development and Construction Co., Ltd. (信陽華信建投豫東南開發建設有限公司) jointly invested to establish Xinyang Huayun Industrial Park Construction Co., Ltd. (信陽華雲產業園區建設有限公司) and promised to contribute RMB 10 million in cash according to Articles of association. We had invested RMB 2.3 million as of December 31, 2024. See Note 38 to the Accountant's Report in Appendix I.

FINANCIAL INFORMATION

Lease Commitments

We lease certain of our office properties under operating lease arrangements for terms of between six months to five years. The following table sets forth our lease commitments not recognized as liabilities as of the dates indicated:

	As of December 31,		
	2022	2023	2024
	<i>(RMB in thousand)</i>		
Within 1 year	1,987	—	533
After 1 year but within 2 years	1,998	—	336
After 2 years but within 3 years	1,169	—	421
After 3 years but within 4 years	940	—	481
After 4 years but within 5 years	1,011	—	200
Total	7,105	—	1,971

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years indicated:

	Year ended December 31,		
	2022	2023	2024
Revenue growth (%)	31.8	21.1	29.1
Gross profit margin ⁽¹⁾ (%)	39.9	40.5	38.8
Gross profit growth (%)	65.4	22.8	23.8
Net loss margin ⁽²⁾ (%)	(62.5)	(51.7)	(48.4)
Adjusted net margin ⁽³⁾ (non-IFRS financial measure) (%)	(30.5)	(18.8)	(17.9)

Notes:

- (1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.
- (2) Net loss margin equals net profit/loss divided by revenue for the year and multiplied by 100%.
- (3) Adjusted net margin (non-IFRS financial measure) equals adjusted net profit/loss (non-IFRS financial measure) divided by revenue for the year and multiplied by 100%.

CAPITAL EXPENDITURES

Our capital expenditures in 2022, 2023 and 2024 were RMB1.3 million, RMB15.0 million and RMB32.9 million, respectively, representing the payments for property, plant and equipment and intangible assets. We expect to incur additional capital expenditures in 2024 in line with our business growth. We expect to finance such capital expenditures through the operating cash flows and net proceeds received from the Global Offering. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 39 of Appendix I to this prospectus.

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Our Directors believe that our transactions with related parties during the Track Record Period were carried out in the normal course of business and at terms negotiated between the respective related parties and us, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We do not use any derivative financial instruments to hedge certain risk exposures during the Track Record Period.

Financial Risk Factors

Market Risk

Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency that is not the respective group entities' functional currency. We mainly operate in the PRC with most of the transactions settled in Renminbi.

Our exposure to foreign exchange risk on December 31, 2022, 2023 and 2024 was insignificant as each of the group entities did not hold significant assets and liabilities denominated in a currency other than its functional currency.

Interest rate risk

Our interest rate risk primarily arises from redemption liabilities, borrowings, lease liabilities, cash and cash equivalents, restricted cash and investments in wealth management products which are classified as financial assets at FVPL. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk.

If the interest rate of borrowings with floating rate had been 10% higher/lower, the loss before income tax for the years ended December 31, 2022, 2023 and 2024 would have been approximately RMB34.0 thousands, RMB280.8 thousands and RMB504.7 thousands higher/lower, respectively. This analysis does not include the effect of interest capitalized.

If the interest rate of cash and cash equivalents had been 10% higher/lower, the loss before income tax for the years ended December 31, 2022, 2023 and 2024 would have been approximately RMB31.4 thousands, RMB187.5 thousands and RMB36.5 thousands lower/higher, respectively.

The fair value interest rate risk arises from financial assets and liabilities carried at fixed rates is not significant for us.

We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate movements.

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Price risk

We are exposed to price risk in respect of the long-term investments and short-term investments held by us and classified in the balance sheet as financial assets at FVPL. We are not exposed to commodity price risk. To manage our price risk arising from the investments, we diversify its portfolio. The investments are managed by our management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing our liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 to the Accountant's Report in Appendix I to this prospectus for details.

Credit Risk

Risk management

We are exposed to credit risk primarily in relation to our cash and cash equivalents, wealth management products which are classified as financial assets at FVPL, restricted cash, trade receivables, contract assets, financial lease receivables and other receivables (included in "prepayments and other receivables"). The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk arising from cash and cash equivalents, restricted cash and wealth management products measured at financial assets as FVPL, we only transact with state-owned or reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, we have policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables (included in "prepayments and other receivables") and financial lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the collection history of receivables due from them, our management believes that the credit risk inherent in our outstanding other receivables balances due from them is low.

Impairment of financial assets and contract assets

We perform impairment assessment under the expected credit loss ("ECL") model on financial assets at amortized cost (mainly including trade receivables, other receivables and financial lease receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Cash and cash equivalents, restricted cash and wealth management products

While cash and cash equivalents, restricted cash and wealth management products which are classified as financial assets at FVPL are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial, as they are mainly placed with state-owned banks in the

FINANCIAL INFORMATION

PRC, and there has been no recent history of default in relation to these banks. These instruments are considered to have low credit risk because they have a low risk of default, and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

Trade receivables and contract assets

We apply the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables and contract assets are estimated. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics, credit rating and aging based of revenue recognition. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have identified the gross domestic product (GDP), consumer price index (CPI), procedure price index (PPI) and broad money (M2) of mainland China in which it provides services to be the most relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet our liquidity requirements.

DIVIDEND

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. Currently, we have not implemented policy to fix the dividend distribution ratio.

Any future declarations and payments of dividends will be at the absolute discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. As advised by our PRC Legal Advisors, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand, unutilized bank facilities and the estimated net proceeds from the Global Offering, our directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2024, we had no distributable reserves.

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LISTING EXPENSE

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses, including underwriting commission for the Global Offering, will be approximately HK\$112.2 million (including (i) underwriting commission of approximately HK\$11.6 million, and (ii) non-underwriting related expenses of approximately HK\$100.6 million, which consist of fees and expenses of legal advisors and Reporting Accountant, of approximately HK\$73.7 million and other fees and expenses of approximately HK\$26.9 million), representing approximately 38.84% of the gross proceeds from the Global Offering, (assuming an Offer Price of HK\$185.00 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option). Among the total listing expenses, approximately HK\$17.1 million is directly attributable to the issue of our Offer Shares to the public and will be deducted from equity, HK\$69.1 million has been expensed as of December 31, 2024 and the remaining amount of approximately HK\$26.0 million is expected to be expensed upon the Listing.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II — Unaudited Pro Forma Financial Information.”

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since December 31, 2024, being the end date of the periods reported in Appendix I to this prospectus, and there is no event since December 31, 2024 that would materially affect the information as set out in the Accountant’s Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, 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.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies.”

USE OF PROCEEDS

Assuming an Offer Price of HK\$185.00 per Offer Share (being the mid-point of the Offer Price range), we estimate that we will receive net proceeds of approximately HK\$176.6 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

Research and Development

- Approximately 45.6% or HK\$80.5 million, for enhancing our research and development capabilities over the next five years, with the detailed breakdown of the proceeds to be allocated as follows:

Investment in Atlas AI Infrastructure

- Approximately 30.8% or HK\$54.4 million will be allocated to invest in our Atlas AI infrastructure. We will continuously optimize the orchestration system of our supercomputing platform to improve the efficiency of AI model training. We plan to closely monitor technological developments in mainstream machine learning algorithms, continually upgrade to maintain our industry leadership in the underlying technology.

In addition, we plan to upgrade and expand our computing, storage and network communications capabilities according to our operational needs. We expect to continuously expand our intelligent computing clusters by purchasing hardware such as GPUs, data storage, servers and network equipment, as well as third-party colocation services for our servers and IT equipment. We plan to purchase cloud computing services from third parties on a flexible basis to allow business scalability and flexibility. The following table sets forth our procurement plan for GPUs:

Type of GPU	Estimated total cost	Unit price	Underlying computing power
High-performance GPU training servers for large language model training	HK\$21.0 million	HK\$1.5 million	Each GPU server delivers up to 3 PFLOPS of deep learning performance. With the computing power for deep learning expanding from 300 PFLOPS to 500 PFLOPS, we will be able to complete the training of models with over 100 billion parameters using one trillion tokens within six weeks, sustaining our competitive edge in large language model development in the long term.

FUTURE PLANS AND USE OF PROCEEDS

Type of GPU	Estimated total cost	Unit price	Underlying computing power
Generic GPU inference servers	HK\$1.3 million	HK\$0.25 million	Each GPU server delivers up to 1 PFLOPS of compute performance. These servers can handle massive requests and perform concurrent inference on large language models with over 10 billion parameters, with a maximum processing capacity of 22 million times per day (10 seconds each time).

UniBrain Upgrade

- Approximately 7.7% or HK\$13.6 million will be allocated to upgrade our UniBrain to further enhance our AI development capabilities. We plan to procure training materials and manual feedback and annotation services to support the upgrade of our software and algorithms, addressing the evolving needs in various application scenarios. We plan to improve the performance of our large language models and enhance their adaptability to application scenarios. We expect to further increase the parameter scale and data scale of the large language model, and train and optimize proprietary multimodal large language models that can directly process inputs such as images, voice and text. In addition, we plan to train large language models optimized for industry tasks to expand the application scope, especially for certain highly specialized industries, such as consultancy service and utilities.

In addition, we plan to further improve our AI components by (i) expanding our AI multi-lingual capabilities to adapt to multi-modal scenarios; (ii) improving the quality and scale of knowledge graph; (iii) improving the openness and accessibility of the IoT platform; and (iv) expanding our ecosystem by offering more developer tools and broadening the application scope of the UniBrain to grow our customer base.

Talent Cultivation and Joint R&D

- Approximately 7.1% or HK\$12.5 million will be allocated to cultivate talents and conduct R&D collaboration. For internal talent training, we plan to improve our knowledge management by establishing an internal knowledge base and organizing training sessions and conferences. We also plan to collaborate with external institutions, including universities and research institutes, through (i) establishing joint laboratories to research and develop emerging AI technologies; (ii) carrying out joint research projects and engaging students and researchers as part of our research talent development efforts; and (iii) creating open-source projects on the UniBrain, which will allow us to connect with a wider range of industry players. We plan to allocate approximately HK\$8.8 million in the joint laboratories and joint research projects. We expect to collaborate with institutions that possess strong research and development capabilities and a deep pool of skilled talent in the areas such as large language model, multi-modal perception and generation, and knowledge graph, with research plans aligning with our business fields. As of the Latest Practicable Date, we had not identified any specific targets for R&D collaboration, and had not set any definitive timeframe.

FUTURE PLANS AND USE OF PROCEEDS

Business Opportunity Exploration

- Approximately 47.0% or HK\$83.0 million will be allocated to invest in emerging business opportunities and increase adoption and penetration of our products across industry verticals and scenarios over the next five years.

We plan to expand product development teams and sales teams, promote and market our products through marketing activities, such as industry exhibitions, as well as establish our brand image and influence.

Increasing Adoption of Our Solutions in Existing Verticals

- Approximately 13.9% or HK\$24.6 million will be allocated to improve our existing Daily Life and Healthcare solutions. We will expand our sales team to conduct market surveys and better understand our customers' diverse needs, and leverage our product development team to upgrade existing products and services and expand to new application scenarios to meet constantly evolving industry needs, and further increase the adoption and penetration of our solutions in existing verticals.

The table below sets forth our plan for product development and sales team expansion over the next five years:

<u>Position</u>	<u>Estimated total cost (HKD in millions)</u>	<u>Estimated total number of personnel to be remunerated</u>	<u>Qualification</u>
Product development personnel	7.6	47	Scientists, researchers, architects or engineers with undergraduate or graduate degree (depending on the position) or above, and work experience in artificial intelligence and software development
Sales personnel	7.3	29	Bachelor degree, relevant sales experienced will be preferred

Penetration into Emerging Verticals

- Approximately 33.1% or HK\$58.4 million will be allocated to explore business opportunities and further penetrate into emerging verticals. For example, we plan to continue to recruit product development personnel and develop AI solutions targeting elderly care vertical utilizing our experience and capabilities in IoT and healthcare. Leveraging our expanding sales team, we expect to continuously explore business opportunities and establish our brand in relevant industries, such as:
 - AI in finance solution market, which helps drive insights for data analytics, performance measurement, predictions and forecasting, real-time calculations, customer servicing, intelligent data retrieval, among others. The market size of AI in finance solution in China increased from RMB3.8 billion in 2019 to RMB20.0 billion in 2024, with a CAGR of 54.3%. In 2028, it is expected to grow to RMB161.6 billion with a CAGR of 56.5% from 2024 to 2030. Major players in the market mainly

FUTURE PLANS AND USE OF PROCEEDS

include digital solution providers. However, AI in finance solution market still faces the following practical challenges, such as rising operation and maintenance costs and cybersecurity threats;

- (ii) AI in grid solution, which leverages AI technology to manage and optimize energy distribution as a means to improve the energy efficiency of generating and consuming electricity in homes, businesses, and public institutions. The market size of AI in grid solution in China increased from RMB3.1 billion in 2019 to RMB8.9 billion in 2022, with a CAGR of 42.0%. It is expected to grow to RMB43.1 billion with a CAGR of 30.1% from 2022 to 2028. Major players in the market are digital solution providers. One of the main challenges of the AI in grid solution market is dealing with a large number of diverse systems, each with their own objectives and operating under uncertainty and dynamism. This includes customers with different demand profiles and generators with varying volatilities, leading to unpredictable and fluctuating network conditions.

The table below sets forth our plan for product development and sales team expansion over the next five years:

<u>Position</u>	<u>Estimated total cost (HKD in millions)</u>	<u>Estimated total number of personnel to be remunerated</u>	<u>Qualification</u>
Product development personnel	13.2	64	Scientists, researchers, architects or engineers with undergraduate or graduate degree (depending on the position) or above, and work experience in artificial intelligence and software development
Sales personnel	4.4	29	Bachelor degree, relevant sales experienced will be preferred

Working Capital and General Corporate Purposes

- Approximately 7.4% or HK\$13.1 million will be allocated to working capital and general corporate purposes.

If the Offer Price is set at the high-end of the Offer Price range or the low-end of the Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$29.8 million and HK\$29.8 million, respectively. To the extent our net proceeds from the Global Offering are either more or less than expected, we will increase or decrease the intended use of our net proceeds for the above purposes on a pro rata basis.

If the Over-allotment Option is fully exercised, our Company will receive additional net proceeds of approximately HK\$41.4 million for 234,140 Shares to be allotted and issued upon the full exercise of the Over-allotment Option based on the Offer Price of HK\$185.00 per Offer Share, being the mid-point of the Offer Price range, and after deducting the underwriting fees and commissions payable by our Company. The additional amount raised will be applied to the above areas of use of proceeds on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we only intend to place such proceeds in short-term interest-bearing deposits with licensed banks or authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions.

UNDERWRITING

OVERALL COORDINATORS AND JOINT GLOBAL COORDINATORS

China International Capital Corporation Hong Kong Securities Limited

Haitong International Securities Company Limited

ABCI Capital Limited

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

Haitong International Securities Company Limited

ABCI Securities Company Limited

Orient Securities (Hong Kong) Limited

CMBC Securities Company Limited

Tiger Brokers (HK) Global Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 156,100 Hong Kong Offer Shares and the International Offering of initially 1,404,880 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to adjustment) for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus relating thereto.

Subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Overallotment Option) and any H Shares to be converted from Domestic Unlisted Shares as mentioned herein, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon

UNDERWRITING

between our Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters)), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable portions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by written notice from the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors, if any of the events set forth below occur at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into effect:
 - (i) any or a series of national, regional or international event(s) or circumstance(s) in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of infectious disease (including, without limitation, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, Coronavirus Disease 2019 (COVID-19), H1N1, H5N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related or mutated forms and variants), economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, severe transport disruption, paralysis in government operation, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, in or directly or indirectly affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, or any other jurisdictions relevant to any member of the Group or the Global Offering (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance or series of events which likely to result in any change or development involving a prospective change in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
 - (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

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- (iv) any general moratorium on commercial banking activities in Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdictions; or
- (v) any new laws, or any change or any development involving a prospective change or any event or circumstance or series of events which likely to result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authority of, existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of sanctions or export controls on any Group Company or any of the Controlling Shareholders, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of Hong Kong Dollar or the Renminbi, United States dollar, Euro or British pound against any foreign currencies or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar, or Renminbi is linked to any foreign currency), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting investments in the Offer Shares; or
- (viii) any valid demands by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (ix) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of the Offer Shares) the CSRC filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (x) any proceedings, litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director, Supervisor or senior management members as named in this prospectus or member of the Controlling Shareholders; or
- (xi) a Director or a Supervisor or a member of the Company's senior management as named in this prospectus being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management or take directorship/supervisorship of a company; or
- (xii) any Director, Supervisor, the chairman, chief executive officer or the chief financial officer of the Company vacating his/her office; or
- (xiii) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or

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undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

- (xiv) any contravention by any member of the Group of or any Director or Supervisor the Listing Rules or applicable laws in any material respects; or

which, individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators and the Joint Sponsors:

- (a) has or will have or may have a material adverse change, or a material adverse effect, or any development involving a prospective material adverse change or material adverse effect, whether directly or indirectly, on or affecting the assets, liabilities, business, general affairs, management, Shareholders' equity, revenue, profits, losses, results of operations, positions or conditions, financial or otherwise, or performance of the Group, taken as a whole; or
 - (b) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering or dealings in the Offer Shares in the secondary market; or
 - (c) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
 - (d) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (2) there has come to the notice of the Overall Coordinators and the Joint Sponsors:
 - (a) a prohibition by any authority applicable to our Company, the Controlling Shareholders, any of the Underwriters, and/or any of the foregoing's respective affiliates, for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the Option Shares (as defined in the Hong Kong Underwriting Agreement)) pursuant to the terms of the Global Offering; or
 - (b) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC filings, the offering circulars and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions; or
 - (c) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a

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- material omission from any of this Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement), CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (d) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters or the Cornerstone Investment Agreements); or
 - (e) any event, act or omission that gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
 - (f) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or
 - (g) our Company withdraws any of the offering documents, CSRC filings (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
 - (h) that any person (other than the Joint Sponsors) has withdrawn or is subject to withdrawal of its consent to the inclusion of its reports, letters and/or opinions (as the case may be) or references to its name included in the form and context in which it respectively appears; or
 - (i) a material portion of the orders in the book-building process or the investment commitments by any cornerstone investors after signing of the Cornerstone Investment Agreements, have been withdrawn, terminated or canceled.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for (a) any capitalization issue, capital reduction or consolidation or sub-division of Shares; (b) issue of Shares or our securities pursuant to the Global Offering (including the exercise of the Over-allotment Option); or (c) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

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Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that:

- (a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, they shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by the Prospectus to be the beneficial owner(s) (the “**Relevant Securities**”); and
- (b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, they shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be the Controlling Shareholders (as defined in the Listing Rules) of the Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

- (i) when any of them pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and
- (ii) when any of them receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company and the Controlling Shareholders in respect of our Company

Our Company, has undertaken to each of the Sponsor-Overall Coordinators the Overall Coordinators, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), at any time

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after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the “**First Six-Month Period**”), our Company will not, and will procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or purchase or create an encumbrance over, or contract either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or other securities of our Company, or any interest in any of the foregoing), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or other equity securities of our Company, or any interest in any of the foregoing); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) offer to, or contract to, or agree to, or announce or publicly disclose any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by the delivery of Shares or other equity securities of our Company, or, in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in sub-paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement or disclosure (as the case maybe) will not create a disorderly or false market in the securities of our Company.

Our Controlling Shareholders have undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that it/he shall procure our Company to comply with the above undertakings.

Our Company has agreed and undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint

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Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that we will, and the Controlling Shareholders undertake to procure that our Company will, comply with the minimum public float requirements specified in Rule 8.08 of the Listing Rules (or such lower percentage permitted under any waiver granted and not revoked by the Stock Exchange, where applicable) (the “**Minimum Public Float Requirement**”), and will not, effect or permit any purchase, allotment or issuance of H Shares by itself or by any other persons (where applicable), or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below such Minimum Public Float Requirements on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the other Underwriters).

Undertakings by the Controlling Shareholders in respect of themselves

Each of the Controlling Shareholders hereby undertakes on a joint and several basis to each of our Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except as pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option), without the prior written consent of the Joint Sponsors and the Overall Coordinators (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he not to, will not, and will procure that the relevant registered holder(s), at any time during the First Six Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, as applicable or any interest in any of the foregoing), legally or beneficially owned by him/it as of the Listing Date (the “**Locked-up Securities**”), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of Locked-up Securities, or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to, contract to, or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise, and whether or not the issue of such Shares or other securities will be completed within the First Six Month Period; and
- (b) it/he will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above in respect of any Locked-up Securities or offer to or contract to or announce or publicly disclose any intention to enter into any such transaction if, immediately following such transaction or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/it (individually or in aggregate) will cease to be a member of a group of the Controlling Shareholders of our Company and/or the Controlling Shareholders, as the case may be; and

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- (c) until the expiry of the Second Six Month Period, in the event that it/he enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or above or effects or offers to or agrees to or contract to or announces any intention to effect any such transaction, it/he will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among the others, the Joint Sponsors, the Sponsor-Overall Coordinators the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement, the Hong Kong Underwriters do not have any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would agree to purchase, or procure subscribers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Our Company is expected to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 234,140 H Shares, representing no more than 15.0% of the initial Offer Shares under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any.

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Commissions and Expenses

Our Company will pay an underwriting commission of 3.00% of the aggregate Offer Price of all the Offer Shares, including Offer Shares to be issued pursuant to the Over-allotment Option. Our Company may, at our sole and absolute discretion, pay an incentive fee of up to 2.00% of the Offer Price in respect of all the Offer Shares (including Offer Shares to be issued pursuant to the Over-allotment Option).

Assuming the incentive fee is paid in full, the fixed fees and discretionary fees payable to the Capital Market Intermediaries represent approximately 41.1% and 58.9%, respectively, of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, AFRC transaction levy, legal and other professional fees and printing and other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK\$112.2 million (assuming an Offer Price of HK\$185.00 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

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In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering.” Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (subject to adjustment and the Over-allotment Option):

- (a) the Hong Kong Public Offering of 156,100 H Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of 1,404,880 H Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S or any other available exemption from registration under the U.S. Securities Act as described in “– The International Offering” below.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent 2.20% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 0.33% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option as set out in “– The International Offering – Over-allotment Option” below.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offer Shares to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors’ indications of interest in acquiring the International Offer Shares under the International Offering. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in “– The Hong Kong Public Offering – Reallocation” below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 156,100 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of the Offer Shares initially

STRUCTURE OF THE GLOBAL OFFERING

available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent 0.22% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in “– Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than the others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purpose only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking into account any adjustment in the number of the Offer Shares allocated between the Hong Kong Public Offering and the International Offering) is to be divided into two pools: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 78,060 and 78,040, respectively. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for the Offer Shares means the price payable on application therein (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of the Hong Kong Offer Shares from either Pool A or Pool B but not from both pools.

Multiple or suspected multiple applications and any application for more than 78,040 Hong Kong Offer Shares (being approximately 50% of the 156,100 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of the Offer Shares under the Hong Kong Public Offering to a certain percentage if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 468,300 H Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised);
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 624,400 H Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 780,500 H Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

In addition, the Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. In accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules for:

- if the International Offer Shares are fully subscribed or oversubscribed, and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering
- if the International Offer Shares are undersubscribed, and the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription)

the maximum total number of H Shares that may be reallocated to the Hong Kong Public Offering shall be not more than 312,200 H Shares, representing two times the number of Hong Kong

STRUCTURE OF THE GLOBAL OFFERING

Offer Shares initially available under the Hong Kong Public Offering and double of the number of Offer Shares initially available under the Hong Kong Public Offering; and the final Offer Price shall be fixed at HK\$165.00 per Offer Share, the low-end of the Offer Price range stated in this prospectus.

Any such clawback and reallocation between the International Offering and the Hong Kong Public Offering will be completed prior to any adjustments of the number of the Offer Shares pursuant to the exercise of the Over-allotment Option, if any.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators in their sole discretion consider appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate. However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$205.00 per Offer Share in addition to the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "– Pricing and Allocation" below, is less than the maximum price of HK\$205.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out below in "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 1,404,880 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

The International Offering will include selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the International Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of the Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in “– The Hong Kong Public Offering – Reallocation,” the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

Our Company expects to grant to the International Underwriters, exercisable in whole or in part by the Overall Coordinators at their sole and absolute discretion (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue, up to an aggregate of 234,140 Offer Shares, representing no more than 15.0% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional International Offer Shares will represent approximately 0.33% of our Company’s enlarged issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the

STRUCTURE OF THE GLOBAL OFFERING

secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be effected at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Offer Shares, (v) selling or agreeing to sell any Offer Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the H Shares;
- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the H Shares.

STRUCTURE OF THE GLOBAL OFFERING

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of the H Shares in connection with the Global Offering, the Overall Coordinators and their affiliates or any person acting for them may cover such over-allocation by, amongst other methods, exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of H Shares which can be over-allocated will not exceed the number of the H Shares which may be allotted and/or issued pursuant to the exercise in full of the Over-allotment Option, being 234,140 H Shares, representing approximately 15.0% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at the Offer Price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Thursday, June 26, 2025 and in any event no later than 12:00 noon on Thursday, June 26, 2025 by agreement among the Overall Coordinators (on behalf of the Underwriters) and our Company. The number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$205.00 per Offer Share and is expected to be not less than HK\$165.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Thursday, June 26, 2025 the Global Offering will not proceed and will lapse.

The International Underwriters will be soliciting from prospective investors’ indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at www.unisoud.com and www.hkexnews.hk, respectively, notices of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the Offer Price range.

The Company will also, as soon as practicable following the decision to make such change, issue a supplemental or new prospectus updating investors of the change in the number of Offer Shares and/or the indicative Offer Price range, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: (i) updated indicative Offer Price range and market capitalization; (ii) updated listing timetable and underwriting obligations; (iii) updated price/earnings multiple, unaudited pro forma and adjusted net tangible assets; and (iv) updated use of proceeds and confirmation of the working capital adequacy based on the revised estimated proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so announced and any such supplemental prospectus or new prospectus so published, the number of Offer Shares and the indicative Offer Price range will not be reduced.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the indicative Offer Price range as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this Prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer with a supplemental prospectus or a new prospectus in FINI.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Friday, June 27, 2025 on the website of our Company (www.unisound.com) and the website of the Stock Exchange (www.hkexnews.hk).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to agreement on the Offer Price between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date.

STRUCTURE OF THE GLOBAL OFFERING

We expect that our Company will enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any H Shares to be converted from Domestic Unlisted Shares as mentioned herein and such approval not having been withdrawn;
- (b) the Offer Price having been agreed between our Company and the Overall Coordinators (on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

In each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company, the Overall Coordinators (on behalf of the Underwriters) on or before 12:00 noon on Thursday, June 26, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering on the website of our Company (www.unisound.com) and the website of the Stock Exchange (www.hkexnews.hk). In such eventuality, all application monies will be returned, without interest, on the terms set forth “How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in a separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

H Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

STRUCTURE OF THE GLOBAL OFFERING

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and as mentioned in this prospectus.

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, June 30, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, June 30, 2025. The H Shares will be traded on the Main Board of the Stock Exchange in board lots of 20 H Shares each. The stock code of the H Shares will be 9678.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.unisound.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C/38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the **HK eIPO White Form** service only*).

Unless permitted by the Listing Rules or a waiver and/ or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of any Shares in the Company and/or any of its subsidiaries;
- are a Director or a Supervisor or chief executive officer of the Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, June 20, 2025 and end at 12:00 noon on Wednesday, June 25, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	www.hkeipo.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, June 20, 2025 to 11:30 a.m. on Wednesday, June 25, 2025, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, June 25, 2025, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
<ul style="list-style-type: none">▪ Full name(s)² as shown on your identity document▪ Identity document's issuing country or jurisdiction▪ Identity document type, with order of priority:<ul style="list-style-type: none">i. HKID card; orii. National identification document; oriii. Passport; and▪ Identity document number	<ul style="list-style-type: none">▪ Full name(s)² as shown on your identity document▪ Identity document's issuing country or jurisdiction▪ Identity document type, with order of priority:<ul style="list-style-type: none">i. LEI registration document; orii. Certificate of incorporation; oriii. Business registration certificate; oriv. Other equivalent document; and▪ Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

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4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	20
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$205.00 per H Share.

If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

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No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/successful allotment
	HK\$		HK\$		HK\$		HK\$
20	4,141.35	400	82,826.96	6,000	1,242,404.56	40,000	8,282,697.00
40	8,282.69	500	103,533.71	7,000	1,449,471.98	50,000	10,353,371.26
60	12,424.04	600	124,240.45	8,000	1,656,539.40	60,000	12,424,045.50
80	16,565.39	700	144,947.20	9,000	1,863,606.83	78,040 ⁽¹⁾	16,159,541.85
100	20,706.74	800	165,653.95	10,000	2,070,674.26		
120	24,848.09	900	186,360.68	12,000	2,484,809.10		
140	28,989.43	1,000	207,067.43	14,000	2,898,943.96		
160	33,130.79	2,000	414,134.86	16,000	3,313,078.80		
180	37,272.14	3,000	621,202.28	18,000	3,727,213.66		
200	41,413.49	4,000	828,269.70	20,000	4,141,348.50		
300	62,120.22	5,000	1,035,337.13	30,000	6,212,022.76		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— *A. Applications for Hong Kong Offer Shares – 3. Information Required to Apply*” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple / Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on

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your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons⁽¹⁾, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— *G. Personal Data – 3. Purposes*” and “— *4. Transfer of personal data*” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— *B. Publication of Results*” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “—*C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*” in this section;

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- (xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/ or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

¹ As defined in the prospectus, Relevant Persons would include the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

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B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

<u>Platform</u>	<u>Date/ Time</u>
Applying through the HK eIPO White Form service or HKSCC EIPO channel:	
Website	<p>From the “Allotment Results” page at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result with a “search by ID” function</p> <p>The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.</p> <p>The Stock Exchange’s website at www.hkexnews.hk and our website at www.unisound.com which will provide links to the above mentioned websites of the H Share Registrar.</p>
Telephone	
+852 3691 8488 - the allocation results telephone enquiry line provided by the H Share Registrar	<p>24 hours, from 11:00 p.m. on Friday, June 27, 2025 to 12:00 midnight on Thursday, July 3, 2025 (Hong Kong time)</p> <p>No later than 11:00 p.m. on Friday, June 27, 2025 (Hong Kong time).</p> <p>between 9:00 a.m. and 6:00 p.m., from Monday, June 30, 2025 to Friday, July 4, 2025 (Hong Kong time) on a business day</p>

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, June 26, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, June 26, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange’s website at www.hkexnews.hk and our website at www.unisound.com by no later than 11:00 p.m. on Friday, June 27, 2025 (Hong Kong time).

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C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.hkeipo.hk;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

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5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/ COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Monday, June 30, 2025 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

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The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/ collection of H Share certificate¹		
For application of 50,000 Hong Kong Offer Shares or more	<p>Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong</p> <p>Time: 9:00 a.m. to 1:00 p.m. on Monday, June 30, 2025 (Hong Kong time)</p> <p>If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop.</p> <p>Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.</p> <p>Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk</p>	<p>H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account</p> <p>No action by you is required</p>
For application of less than 50,000 Hong Kong Offer Shares	<p>Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk</p> <p>Date: Friday, June 27, 2025</p>	

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	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Monday, June 30, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund check(s) will be in your application instructions by ordinary post at your own risk	

¹ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an “extreme conditions” announcement issued after a super typhoon in force in Hong Kong in the morning on Friday, June 27, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, June 25, 2025 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an “extreme conditions” announcement issued after a super typhoon (“**Extreme Conditions**”), (collectively, “**Severe Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, June 25, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe Weather Signals** in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.unisound.com of the revised timetable.

If a **Severe Weather Signal** is hoisted on Friday, June 27, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Monday, June 30, 2025.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If a **Severe** Weather Signal is hoisted on Friday, June 27, 2025, for application of less than 50,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Friday, June 27, 2025 or on Monday, June 30, 2025).

If a **Severe** Weather Signal is hoisted on Monday, June 30, 2025, for application of 50,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the **Severe** Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, June 30, 2025 or on Wednesday, July 2, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second Settlement Day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and

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up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;

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- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF UNISOUND AI TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Unisound AI Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-89, which comprises the consolidated balance sheets as at December 31, 2022, 2023 and 2024, the balance sheets of the Company as at December 31, 2022, 2023 and 2024, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity/(deficit) and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024 (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-3 to I-89 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 20, 2025 (the "Prospectus") in connection with the initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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 ("HKICPA"). 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.

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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 accountant's judgment, 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 accountant considers 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 2.1.1 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, 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 accountant's report, a true and fair view of the financial position of the Company as at December 31, 2022, 2023 and 2024 and the consolidated financial position of the Group as at December 31, 2022, 2023 and 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2.1.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 43 to the Historical Financial Information which states that no dividends have been paid by Unisound AI Technology Co., Ltd. in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, June 20, 2025

I. 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 accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "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 COMPREHENSIVE LOSS

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	6	600,619	727,316	939,017
Cost of sales and services	9	(360,732)	(432,808)	(574,537)
Gross profit		239,887	294,508	364,480
Operating expenses:				
Selling and marketing expenses	9	(46,086)	(58,810)	(70,705)
Administrative expenses	9	(48,420)	(65,020)	(64,105)
Research and development expenses	9	(287,099)	(286,301)	(370,073)
Net impairment losses on financial assets and contract assets	3	(71,976)	(91,346)	(48,438)
Other income	7	15,746	36,313	17,077
Other (losses)/gains - net	8	(1,363)	10,579	(13,964)
Total operating expenses		(439,198)	(454,585)	(550,208)
Finance income		314	1,875	2,298
Finance costs		(177,675)	(212,770)	(270,943)
		(177,361)		
Finance costs - net	11		(210,895)	(268,645)
Share of profit/(loss) from investments accounted for using the equity method	13	1,092	(2,617)	—
Loss before income tax		(375,580)	(373,589)	(454,373)
Income tax credit/(expense)	14	189	(2,655)	162
Loss for the year		(375,391)	(376,244)	(454,211)
Loss is attributable to:				
Owners of the Company		(366,012)	(375,461)	(452,364)
Non-controlling interests		(9,379)	(783)	(1,847)
		(375,391)	(376,244)	(454,211)
Other comprehensive income				
Currency translation differences		85	294	60
Total other comprehensive income for the year net of tax		85	294	60
Total comprehensive loss for the year		(375,306)	(375,950)	(454,151)
Total comprehensive loss for the year is attributable to:				
Owners of the Company		(365,927)	(375,167)	(452,304)
Non-controlling interests		(9,379)	(783)	(1,847)
		(375,306)	(375,950)	(454,151)
Loss per share attributable to owners of the Company				
Basic and diluted loss per share (RMB)	15	(5.75)	(5.57)	(6.52)

CONSOLIDATED BALANCE SHEETS

		As at December 31,		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets:				
Property, plant and equipment	16	14,533	19,160	28,081
Right-of-use assets	17	12,422	8,645	10,385
Intangible assets	18	560	498	8,791
Deferred income tax assets	34	399	53	295
Investments accounted for using the equity method	13	2,617	—	—
Financial assets at fair value through profit or loss	25	21,680	30,588	24,347
Financial lease receivables	21	670	—	3,725
Other non-current assets	19	—	47,393	47,393
Total non-current assets		52,881	106,337	123,017
Current assets:				
Inventories	24	33,614	67,853	140,292
Contract assets	6	3,908	4,123	4,969
Trade receivables	23	368,860	411,053	559,242
Prepayments and other receivables	22	32,170	66,256	89,530
Financial assets at fair value through profit or loss	25	—	69,010	—
Financial lease receivables	21	3,293	750	2,909
Cash and cash equivalents	26	74,118	379,224	156,476
Restricted Cash	26	—	—	3,541
Total current assets		515,963	998,269	956,959
Total assets		568,844	1,104,606	1,079,976
Equity/(deficit)				
Equity/(deficit) attributable to owners of the Company				
Share capital	27	63,648	69,392	69,392
Treasury stock	28	(1,841,637)	(2,563,637)	(2,563,637)
Reserves	28	1,544,548	2,245,640	2,245,700
Accumulated deficit	29	(1,657,418)	(2,032,879)	(2,485,243)
		(1,890,859)	(2,281,484)	(2,733,788)
Non-controlling interests		(20,379)	(17,273)	(19,120)
Total deficit		(1,911,238)	(2,298,757)	(2,752,908)
Liabilities				
Non-current liabilities				
Lease liabilities	17	4,372	4,685	7,583
Redemption liabilities	30	2,108,990	3,038,456	3,303,051
Other non-current liabilities	36	45,033	26,434	29,625
Total non-current liabilities		2,158,395	3,069,575	3,340,259
Current liabilities				
Trade and other payables	33	192,782	181,455	232,895
Contract liabilities	6	55,877	64,804	86,265
Salary and welfare payable	35	22,966	15,233	15,052
Borrowings	37	35,000	65,000	145,378
Financial liabilities at fair value through profit or loss	31	667	2,383	2,370
Lease liabilities	17	14,395	4,913	10,665
Total current liabilities		321,687	333,788	492,625
Total liabilities		2,480,082	3,403,363	3,832,884
Net current assets		194,276	664,481	464,334
Total liabilities and deficit		568,844	1,104,606	1,079,976

BALANCE SHEETS OF THE COMPANY

		As at December 31,		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	16	4,799	9,852	10,130
Right-of-use assets	17	4,423	341	4,868
Intangible assets	18	331	400	237
Deferred income tax assets		111	—	—
Investments in subsidiaries	12(b)	230,383	586,883	592,783
Financial assets at fair value through profit or loss	25	21,680	30,588	22,097
Amounts due from subsidiaries, non-current	22(b)	442,859	526,106	611,549
Total non-current assets		704,586	1,154,170	1,241,664
Current assets				
Inventories		1,955	8,355	7,695
Contract assets	6	2,596	1,918	1,030
Trade receivables	23	78,944	96,657	114,639
Prepayments and other receivables	22(a)	15,032	28,058	27,839
Financial assets at fair value through profit or loss	25	—	10,010	—
Cash and cash equivalents	26	31,973	84,608	12,213
Restricted Cash	26	—	—	590
Total current assets		130,500	229,606	164,006
Total assets		835,086	1,383,776	1,405,670
Equity/(deficit)				
Equity/(deficit) attributable to owners of the Company				
Share capital	27	63,648	69,392	69,392
Treasury stock	28	(1,841,637)	(2,563,637)	(2,563,637)
Reserves	28	1,535,289	2,234,805	2,234,805
Accumulated deficit	29	(1,197,818)	(1,521,427)	(1,938,566)
Total deficit		(1,440,518)	(1,780,867)	(2,198,006)
Liabilities				
Non-current liabilities				
Redemption liabilities	30	2,108,990	3,038,456	3,303,051
Other non-current liabilities	36	23,657	10,158	13,975
Total non-current liabilities		2,132,647	3,048,614	3,317,026
Current liabilities				
Trade and other payables	33	81,226	60,533	178,708
Contract liabilities	6	7,058	20,688	23,558
Salary and welfare payable	35	13,843	7,425	7,634
Borrowings	37	35,000	25,000	70,000
Financial liabilities at fair value through profit or loss		667	2,383	2,370
Lease liabilities	17	5,163	—	4,380
Total current liabilities		142,957	116,029	286,650
Total liabilities		2,275,604	3,164,643	3,603,676
Net current (liabilities)/assets		(12,457)	113,577	(122,644)
Total liabilities and deficit		835,086	1,383,776	1,405,670

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT)

	Notes	Attributable to owners of the Company					Non-controlling interests	Total equity/(deficit)
		Share capital	Treasury stock	Reserves	Accumulated deficit	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022		63,573	(1,831,637)	1,531,482	(1,291,406)	(1,527,988)	(11,000)	(1,538,988)
Comprehensive losses								
Loss for the year		—	—	—	(366,012)	(366,012)	(9,379)	(375,391)
Currency translation differences		—	—	85	—	85	—	85
Total comprehensive income/(losses) for the year		—	—	85	(366,012)	(365,927)	(9,379)	(375,306)
Transactions with owners in their capacity as owners:								
Issuance of equity interests to Series D2 investors	30	75	—	9,634	—	9,709	—	9,709
Modification to granted redemption liabilities	30	—	—	3,709	—	3,709	—	3,709
Recognition of redemption liabilities for the redemption rights newly granted to Series D2 investors	30	—	(10,000)	—	—	(10,000)	—	(10,000)
Recognition of financial liabilities for the anti-dilution rights newly granted to Series D2 investors	31	—	—	(362)	—	(362)	—	(362)
Total transactions with owners in their capacity as owners		75	(10,000)	12,981	—	3,056	—	3,056
Balance at December 31, 2022		63,648	(1,841,637)	1,544,548	(1,657,418)	(1,890,859)	(20,379)	(1,911,238)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT) (CONTINUED)

	Notes	Attributable to owners of the Company					Non-controlling interests	Total equity/(deficit)
		Share capital	Treasury stock	Reserves	Accumulated deficit	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023		63,648	(1,841,637)	1,544,548	(1,657,418)	(1,890,859)	(20,379)	(1,911,238)
Comprehensive losses								
Loss for the year		—	—	—	(375,461)	(375,461)	(783)	(376,244)
Currency translation differences		—	—	294	—	294	—	294
Total comprehensive losses for the year		—	—	294	(375,461)	(375,167)	(783)	(375,950)
Transactions with owners in their capacity as owners:								
Issuance of equity interests to Series D3 investors	30	5,744	—	696,741	—	702,485	—	702,485
Modification to granted redemption liabilities	30	—	—	1,379	—	1,379	—	1,379
Recognition of redemption liabilities for the redemption rights newly granted to Series D3 investors	30	—	(722,000)	—	—	(722,000)	—	(722,000)
Recognition of financial liabilities for the anti-dilution rights newly granted to Series D3 investors	31	—	—	(985)	—	(985)	—	(985)
Share-based compensation expenses	32	—	—	4,532	—	4,532	—	4,532
Acquisition of non-controlling interests		—	—	(869)	—	(869)	389	(480)
Capital injection from non-controlling interests		—	—	—	—	—	3,500	3,500
Total transactions with owners in their capacity as owners		5,744	(722,000)	700,798	—	(15,458)	3,889	(11,569)
Balance at December 31, 2023		69,392	(2,563,637)	2,245,640	(2,032,879)	(2,281,484)	(17,273)	(2,298,757)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT) (CONTINUED)

	Notes	Attributable to owners of the Company					Non-controlling interests	Total equity/(deficit)
		Share capital	Treasury stock	Reserves	Accumulated deficit	Sub-total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024		<u>69,392</u>	<u>(2,563,637)</u>	<u>2,245,640</u>	<u>(2,032,879)</u>	<u>(2,281,484)</u>	<u>(17,273)</u>	<u>(2,298,757)</u>
Comprehensive losses								
Loss for the year		—	—	—	(452,364)	(452,364)	(1,847)	(454,211)
Currency translation differences		—	—	60	—	60	—	60
Total comprehensive losses for the year		<u>—</u>	<u>—</u>	<u>60</u>	<u>(452,364)</u>	<u>(452,304)</u>	<u>(1,847)</u>	<u>(454,151)</u>
Balance at December 31, 2024 ..		<u>69,392</u>	<u>(2,563,637)</u>	<u>2,245,700</u>	<u>(2,485,243)</u>	<u>(2,733,788)</u>	<u>(19,120)</u>	<u>(2,752,908)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash used in operations	40	(165,941)	(284,666)	(316,778)
Interest received		314	1,875	2,298
Income tax paid		—	(1,324)	(957)
Addition of restricted cash		—	—	(3,541)
Net cash used in operating activities		(165,627)	(284,115)	(318,978)
Cash flows from investing activities				
Purchase of investments in financial assets at fair value through profit or loss	3.3(iii)	(88,900)	(803,010)	(82,250)
Proceeds from investments in financial assets at fair value through profit or loss	3.3(iii)	170,754	737,110	150,006
Payments for property, plant and equipment and intangible assets		(1,317)	(14,962)	(32,887)
Prepayments for property, plant and equipment	38	—	(47,393)	—
Payments for acquisition of non-controlling interests		—	(480)	—
Net cash generated from/(used in) investing activities		80,537	(128,735)	34,869
Cash flows from financing activities				
Proceeds from issuance of equity interests to Series D2 investors	30	10,000	—	—
Proceeds from issuance of equity interests to Series D3 investors	30	—	722,000	—
Payments of issuance costs for equity financing of Series D2		(291)	—	—
Payments of issuance costs for equity financing of Series D3		—	(19,515)	—
Capital injection from non-controlling interests		—	3,500	—
Proceeds from borrowing from sales and leaseback		—	12,000	—
Repayment of borrowing from sales and leaseback		—	(11,000)	(1,000)
Proceeds from bank borrowings		35,000	74,394	195,378
Repayment of bank borrowings		(4,000)	(44,394)	(115,000)
Interest paid for bank borrowings		(301)	(2,837)	(5,034)
Interest paid for borrowing from sales and leaseback		—	(386)	(5)
Payments of lease liabilities	17	(10,858)	(15,787)	(12,956)
Net cash generated from financing activities		29,550	717,975	61,383
Net (decrease)/increase in cash and cash equivalents		(55,540)	305,125	(222,726)
Cash and cash equivalents at beginning of the year	26	129,650	74,118	379,224
Exchange effect on cash and cash equivalents		8	(19)	(22)
Cash and cash equivalents at end of the year	26	74,118	379,224	156,476

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 General information**

Beijing Yunzhisheng Information Technology Co., Ltd. (北京雲知聲信息技術有限公司, the “Predecessor Company”) was incorporated in Beijing, the People’s Republic of China (the “PRC”) on June 11, 2012 as a limited liability company. The Predecessor Company was jointly founded by Liang Jia’en and Kang Heng (referred to as the “Founding Shareholders”). In June 2019, the Predecessor Company was converted into a joint stock company with limited liability under the Company Law of the PRC and was renamed as Unisound AI Technology Co., Ltd. (雲知聲智能科技股份有限公司, the “Company”). The registered office of the Company is No. 101, 1st Floor, Building 1, Xisanqi Building Materials City, Haidian District, Beijing, the PRC.

The Company together with its subsidiaries (collectively referred to as the “Group”) are primarily engaged in the sales of artificial intelligence (“AI”) products and AI solutions.

2 Summary of accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Material accounting policies**2.1.1 Basis of preparation***(i) Compliance with IFRS*

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards as issued by the IASB (“IFRS Accounting Standards”).

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in note 4.

All relevant standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

(ii) Historical cost convention

The Historical Financial Information has been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

(iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2024:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.1 Basis of preparation (continued)***(iii) New and amended standards adopted by the group (continued)*

Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(iv) New/amended standards and interpretations not yet adopted

The Group has not early applied the following new/amended amendments to IFRS Accounting Standards that have been issued but are not yet effective:

	Effective for annual periods beginning on or after
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the implication of applying IFRS 18, and preliminarily identified the fair value gains/(losses) on financial assets currently presented in the line item ‘Other (losses)/gains—net’ within operating profit would be presented below operating profit, and certain additional disclosures would be added, other than that, there would not be significant impact on the Group’s financial position and performance when adopting IFRS 18.

Except for the impact of IFRS 18 above, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group’s consolidated financial statements when they become effective.

(v) Going concern

The Group’s net liabilities were approximately RMB1,911.2 million, RMB2,298.8 million and RMB2,752.9 million on December 31, 2022, 2023 and 2024, respectively. These net liabilities were mainly due to the redemption rights granted to investors in financing of Series Angel, A, B, B+, C, C+,

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.1 Basis of preparation (continued)****(v) Going concern (continued)**

C3, D, D+, D1, D2 and D3 (the “Investors”) for which the Group recorded redemption liabilities with carry values of RMB2,109.0 million, RMB3,038.5 million and RMB3,303.1 million on December 31, 2022, 2023 and 2024, respectively (note 30(i)).

According to the investment agreements, the Investors agreed that all the preferred rights including redemption rights granted shall be irretrievably terminated upon the Company achieving QIPO. Please refer to note 30(i) for the relevant agreements for termination and reinstatement of the preferred rights. In any situation, the preferred rights and related liabilities will not have a cash flow impact to the Group in the next twelve months from the end of the reporting period.

Based on the cash flow projections of the Group and taking into account the available financial resources, including cash and cash equivalents, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information has been prepared in accordance with the accounting policies as set out in note 2.

2.1.2 Trade receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See note 3.1 for a description of the Group’s impairment policies.

2.1.3 Share capital and treasury stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases its equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury stock until the shares are canceled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.3 Share capital and treasury stock (continued)**

Treasury stock is recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity and will be reversed back to equity when the redemption liabilities are derecognized upon the Group's obligations in connection with those redemption liabilities are discharged, canceled or expired.

2.1.4 Redemption liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the Investors in the Company's financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, canceled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity.

2.1.5 Financial liabilities at fair value through profit or loss

The Investors were granted with preferred rights, such as an "anti-dilution right", pursuant to which the Investors have a right to require: (1) the Founding Shareholders to transfer the equity interests of the Company they directly or indirectly held to the Investors at the lowest price allowed by law; or (2) the Company to issue new shares for nominal consideration to the Investors; or (3) the Company or Founding Shareholders to compensate the Investors in cash. The specific method shall be selected and determined by the Investors, and the Company and its Founding Shareholders shall be liable for this jointly and severally. The anti-dilution right is out of the control of the Company.

Any anti-dilution right granted is bifurcated and accounted for within financial liabilities at fair value through profit or loss. It is initially recognized at fair value and subsequently carried at fair value with fair value changes recognized in "Other (losses)/gains—net" in the consolidated statements of comprehensive loss. The financial liabilities are classified as non-current liabilities unless the Company has an obligation to settle the liabilities within 12 months after the end of the reporting period.

The Company derecognizes such financial liabilities when, and only when, the Company's obligations are discharged, canceled or have expired. The carrying amount of the financial liabilities derecognized is then credited into equity.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.6 Share-based payments***(i) Equity-settled share-based payment transactions*

The Group operates certain share incentive plans, under which it receives services from employees as consideration for equity instruments (“options”) of the Group. The fair value of services received in exchange for the grant of equity instruments is recognized as an expense in the consolidated statement of comprehensive income with a corresponding increase in equity.

In terms of the options awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in the calculation of the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the service conditions and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in reserves will continue to be held in reserves.

(ii) Cash-settled share-based payment transactions

The cost of cash-settled transactions is measured initially at fair value on the grant date, with a corresponding recognition of liability. The liability is re-measured at each reporting date up to and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

(iii) Modifications

Where the terms of the share-based payment plan are modified, the expense that is not yet recognized for the award is recognized over the remaining vesting period as if the terms had not been modified.

If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.6 Share-based payments (continued)***(iii) Modifications (continued)*

the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

If the Group modifies the terms or conditions of its equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

2.1.7 Revenue recognition

Revenue is recognized when, or as, the control of goods or services is transferred to the customers. Depending on the terms of the contracts and the laws applicable, control of the goods and services may be transferred over time or at a point in time.

Control of the goods and services is transferred over time if the Group's performance:

- provides all the benefits received and consumed simultaneously by the customers;
- creates or enhances an asset that the customers control as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin approach or residual approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.7 Revenue recognition (continued)**

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customers, the Group presents the contract as a contract liability when the payment is made, or the receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customers.

The revenue is measured at the transaction price agreed under the contract. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. In those agreements where the transaction period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, revenue is measured at transaction prices adjusted for the time value of money. The variable consideration is estimated by applying the most likely amount method.

Determining whether revenue of the Group should be reported gross, or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group first identifies who controls the specified goods or services before they are transferred to the customer. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which include but are not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

The Group categorizes its revenue based on different application scenarios, i.e., Daily life and Healthcare.

Daily life

Revenue from goods and services used for residential, commercial spaces or transportation purpose is categorized under Daily life. For AI solutions, revenue is recognized at a point in time when the integrated hardware and software are delivered to the customer's designated place and accepted by the customer after installation and trial run is completed. For AI products, revenue is recognized at a point in time when the AI products are delivered to the customer's designated place, accepted by the customer. For certain AI platform services that are provided during a period, such as speaking evaluation services, revenue is recognized over time.

Healthcare

Revenue from audio medical transcription solutions, AI in medical record quality management solutions and other AI empowered medical solutions to medical institutions is categorized under Healthcare. Revenue is recognized upon customer acceptance after the system is launched and a trial run is completed.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.7 Revenue recognition (continued)***Healthcare (continued)*

The Group has analyzed the nature of goods and services included in each of the contracts to assess whether there are different performance obligations as below:

The Group provides standalone AI products, such as AI software, software-embedded hardware, and AI platform services separately, in which cases revenue is recognized separately. The Group also provides AI solutions which are an integration of AI software, hardware, infrastructure and technology services. These components are assessed by management to be highly interdependent and interrelated, and therefore they are accounted for as a single performance obligation. Cloud services in certain AI solutions and certain AI products are accounted for as a separate performance obligation and revenue is recognized over the period of cloud services committed.

Warranties provided for these AI solutions and AI products are normally for periods within 2 years and are regarded as assurance-type warranties, while any extension of warranties extended for periods normally beyond two years are regarded as service-type warranties. The assurance-type warranties are accounted for in accordance with note “2.2.15 Provisions”, and the service-type warranties are accounted for as a separate performance obligation and the transaction price will be allocated to each performance obligation based on the standalone selling prices.

2.1.8 Leases

The Group assesses whether a contract is or contains a lease at inception of a contract. It recognizes right-of-use assets and corresponding lease liabilities with respect to all lease contracts in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, at the date at which the leased asset is available for use by the Group.

(i) As lessee

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.8 Leases (continued)***(i) As lessee (continued)*

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

(ii) As lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(iii) Sublease

In a sublease where the Company is both a lessee and a lessor for the same underlying asset, the Company separately accounts for the head lease and sublease unless it is relieved of its primary obligation under the head lease.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.1 Material accounting policies (continued)****2.1.8 Leases (continued)***(iii) Sublease (continued)*

The Company firstly determines the classification of the sublease based on the underlying asset.

For a sublease classified as a financial lease, the Company derecognizes the right-of-use asset and recognizes the net investment in the sublease. Finance income on the sublease and interest expense on the head lease are recognized in the other (losses)/gains – net and finance costs respectively.

For a sublease classified as an operating lease, the Company retains the right-of-use asset, recognizes a depreciation charge for the right-of-use asset and interest on the lease liability, and recognizes lease income from the sublease. Lease income from operating leases where the Group is a lessor is recognized in revenue on a straight-line basis over the lease term.

2.2 Other accounting policies**2.2.1 Principles of consolidation and equity accounting***(i) Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity/(deficit) and balance sheets respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.1 Principles of consolidation and equity accounting (continued)***(iii) Equity method (continued)*

investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.2.4.

(iv) Changes in ownership interests

When the Group ceases to consolidate or equity account for an investment because of a loss of control, or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by the applicable IFRS Accounting Standards.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.3 Segment reporting**

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources, assessing performance of the operating segment, has been identified as the chief executive officer of the Group.

2.2.4 Impairment of non-financial assets

Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.2.5 Investments and other financial assets**(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.5 Investments and other financial assets (continued)***(iii) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses)—net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/(losses)—net". Interest income from these financial assets is included in "finance income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses)—net" and impairment losses are presented as separate line item in the consolidated income statements.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains/(losses)—net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.5 Investments and other financial assets (continued)***(iii) Measurement (continued)*

Equity instruments (continued)

subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss and presented within "other gains/(losses)—net" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis for the expected credit losses on financial assets (including trade receivables, other receivables, lease receivables, and cash and cash equivalent), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see note 3.1 (b) and note 23 for details.

For other financial assets, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.2.6 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of direct material is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.7 Inventories (continued)**

For contract fulfillment cost, it mainly comprises direct hardware and software costs, as well as direct labor cost incurred while delivering the AI solutions to the customers. The contract fulfillment cost is recognized as assets and presented in inventory only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfillment cost recognized will be transferred directly to profit or loss at the time that related revenue of AI solutions is recognized.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of contract fulfillment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

2.2.8 Prepayments and other receivables

Prepayments and other receivables comprise mainly upfront payments made to suppliers, deductible value-added tax ("VAT"), deposits and others.

Prepayments to suppliers for services will be subsequently recorded in the consolidated statements of comprehensive income in accordance with the applicable performance requirements within one year or less and therefore are all classified as current assets.

Prepayments to suppliers due for transfer to property, plant and equipment are classified as other non-current assets.

2.2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.10 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.2.11 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.2.12 Borrowing costs

General and specific borrowing costs that are directly attributable to an acquisition, construction or production of a qualifying asset are capitalized during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.2.13 Income tax

The income tax comprises current and deferred income tax. The income tax expense or credit for the period is recognized in the consolidated statement of comprehensive income, except to the

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.13 Income tax (continued)**

extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

(iii) Offsetting

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.2.14 Employee benefits*(i) Pension obligations, housing funds and other social welfare benefits*

Full-time employees of the Group in the mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.14 Employee benefits (continued)***(i) Pension obligations, housing funds and other social welfare benefits (continued)*

government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. Under these plans, the Group contributes on a monthly basis and expensed as incurred. The Group has no further payment obligation for post-retirement benefits beyond the required contributions.

(ii) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employees leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

2.2.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.15 Provisions (continued)**

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.2.16 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to expenses items are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the expenses that they are intended to compensate.

Government grants relating to property and equipment, and other non-current assets are included in liabilities and are credited to comprehensive income on a straight-line basis over the expected lives of the related assets.

2.2.17 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income from financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income. Interest income from current deposits is included in finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.2.18 Loss per share**(i) Basic loss per share**

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.18 Loss per share (continued)****(ii) Diluted loss per share**

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.2.19 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- | | |
|-------------------------|--|
| ● Electronic equipment | 3 years |
| ● Office furniture | 3-5 years |
| ● Leasehold improvement | Shorter of remaining lease term or 5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.2.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in other (losses)/gains – net in the consolidated statement of comprehensive loss.

2.2.20 Intangible assets**(i) Software**

Acquired software is initially capitalized on the basis of the costs incurred to acquire. Costs associated with maintaining computer software programs are recognized as an expense when incurred. Software is stated at historical cost less accumulated amortization and impairment losses (if any).

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.20 Intangible assets (continued)***(i) Software (continued)*

The Group amortizes software with a limited useful life using the straight-line method over 1-10 years. The amortization period and amortization method are reviewed at each reporting period. The effects of any revision are recognized as profit or loss when the changes arise.

(ii) Research and development

Research expenditure is recognized as expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

During the Track Record Period, there were no internally generated development costs that met the criteria listed above and capitalized as intangible assets.

2.2.21 Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Functional currency of the Company and its subsidiaries incorporated in mainland China is Renminbi ("RMB"). Functional currency of the Company's subsidiary in Hong Kong is US Dollar ("USD"). As the major operations of the Group are within the mainland China, the Group determined to present the Historical Financial Information in RMB.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**2 Summary of accounting policies (continued)****2.2 Other accounting policies (continued)****2.2.21 Foreign currency translation (continued)***(ii) Transactions and balances (continued)*

such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss, except when deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within “other (losses)/gains—net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Company's shareholders or directors, where appropriate.

During the Track Record Period, there was no dividend distribution.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management****3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge certain risk exposures during the Track Record Period.

*(a) Market risk**(i) Foreign exchange risk*

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency that is not the respective group entities' functional currency. The Group mainly operates in the PRC with most of the transactions settled in RMB.

The Group's exposure to foreign exchange risk on December 31, 2022, 2023 and 2024 was insignificant as each of the group entities did not hold significant assets and liabilities denominated in a currency other than its functional currency.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from redemption liabilities, borrowings, lease liabilities and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of borrowings with a floating rate had been 10% higher/lower, the loss before income tax for the years ended December 31, 2022, 2023 and 2024 would have been approximately RMB34.0 thousand, RMB280.8 thousand and RMB504.7 thousand higher/lower, respectively. This analysis does not include the effect of interest capitalized.

If the interest rate of cash and cash equivalents had been 10% higher/lower, the loss before income tax for the years ended December 31, 2022, 2023 and 2024 would have been approximately RMB31.4 thousand, RMB187.5 thousand and RMB36.5 thousand lower/higher, respectively.

The fair value interest rate risk arises from financial assets and liabilities carried at fixed rates is not significant for the Group.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(iii) Price risk

The Group is exposed to price risk in respect of the long-term investments, and wealth management products held by the Group and classified in the balance sheet as financial assets at FVPL. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)***(a) Market risk (continued)**(iii) Price risk (continued)*

one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see note 3.3 for details.

*(b) Credit risk**(i) Risk management*

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, trade receivables, contract assets, financial lease receivables and other receivables (included in "prepayments and other receivables"). The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk arising from cash and cash equivalents, the Group only transacts with state-owned or national financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables and contract assets, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers is assessed by taking into account their financial position, past experience and other factors. The Company is in the progress of enhancing the collection of existing receivables, it plans to enforce a more stringent customer admission policy, considering factors such as the historic overdue amount and duration of previous contracts.

For other receivables (included in "prepayments and other receivables") and financial lease receivables, management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding other receivables balances due from them is low.

(ii) Impairment of financial assets and contract assets

The Group performs impairment assessments under the expected credit loss ("ECL") model on financial assets at amortized cost (mainly including trade receivables, other receivables and financial lease receivables) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)***(b) Credit risk (continued)**(ii) Impairment of financial assets and contract assets (continued)**Cash and cash equivalents*

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss is immaterial, as they are mainly placed with state-owned banks in the PRC, and there has been no recent history of default in relation to these banks. These instruments are considered to have low credit risk because they have a low risk of default, and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables and contract assets are estimated. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics, such as the nature of customers and recovery patterns. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Purchasing Manager Index (採購經理指數), Gross Domestic Product (國內生產總值) and Broad Measure of Money Supply (廣義貨幣供應量) of mainland China in which it provides services to be the most relevant factors, and accordingly adjusts the loss rates based on expected changes in certain combination of factors for each group with similar credit risk characteristics.

Details of loss allowance of trade receivables and contract assets as at December 31, 2022, 2023 and 2024 were included in note 6 and note 23, respectively.

The movements on the provision for impairment of trade receivables and contract assets are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	(66,516)	(138,567)	(213,360)
Provision for impairment of trade receivables and contract assets	(72,051)	(91,391)	(48,383)
Write-offs of provision for impairment of trade receivables and contract assets	—	16,598	19,715
At end of the year	<u>(138,567)</u>	<u>(213,360)</u>	<u>(242,028)</u>

Other receivables and financial lease receivables

Other receivables mainly include deposits. Financial lease receivables are generated from subleasing as mentioned in note 2.1.8 (iii). For other receivables and financial lease receivables management makes periodic collective assessments as well as individual assessment on the

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)***(b) Credit risk (continued)**(ii) Impairment of financial assets and contract assets (continued)**Other receivables and financial lease receivables (continued)*

recoverability based on historical settlement records, past experience and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group measures credit risk of other receivables and financial lease receivables using Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”).

- Financial instruments that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to ‘Stage 3’. The expected credit loss is measured on lifetime basis.

As there has been no significant increase in credit risk since initial recognition, most of the Group’s other receivables and financial lease receivables as at December 31, 2022, 2023 and 2024 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis.

As at December 31, 2022, 2023 and 2024, the loss allowance of impaired other receivables and financial lease receivables is determined as follows:

	As at December 31,		
	2022	2023	2024
Expected credit loss rate	2.1%	2.0%	1.7%
Gross carrying amount (RMB’000)			
—Other receivables	6,035	7,589	6,242
—Financial lease receivables	4,025	790	6,736
Loss allowance (RMB’000)			
—Other receivables	(152)	(129)	(122)
—Financial lease receivables	(62)	(40)	(102)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)***(b) Credit risk (continued)**(ii) Impairment of financial assets and contract assets (continued)**Other receivables and financial lease receivables (continued)*

The movements on the provision for impairment of other receivables and financial lease receivables are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	(289)	(214)	(169)
Provision for impairment of other receivables and financial lease receivables	(52)	(35)	(142)
Reversal of previous impairment losses	127	80	87
At end of the year	<u>(214)</u>	<u>(169)</u>	<u>(224)</u>

Write-off policy

Financial assets and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(iii) Net impairment losses on financial assets and contract assets recognized in profit or loss

During the years presented, the following net impairment losses were recognized in profit or loss in relation to impaired financial assets:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment (losses)/gains on			
—trade receivables and contract assets (note 23, 6)	(72,051)	(91,391)	(48,383)
—other receivables and financial lease receivables (note 21, 22) . . .	75	45	(55)
	<u>(71,976)</u>	<u>(91,346)</u>	<u>(48,438)</u>

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total
At December 31, 2022				
Trade and other payables (excluding tax payables)	188,902	—	—	188,902
Borrowings (including interest)	36,147	—	—	36,147
Lease liabilities	15,152	4,445	—	19,597
	<u>240,201</u>	<u>4,445</u>	<u>—</u>	<u>244,646</u>
At December 31, 2023				
Trade and other payables (excluding tax payables)	176,343	—	—	176,343
Borrowings (including interest)	66,580	—	—	66,580
Lease liabilities	5,970	1,483	2,747	10,200
	<u>248,893</u>	<u>1,483</u>	<u>2,747</u>	<u>253,123</u>
At December 31, 2024				
Trade and other payables (excluding tax payables)	219,941	—	—	219,941
Borrowings (including interest)	146,609	—	—	146,609
Lease liabilities	11,048	5,349	2,893	19,290
	<u>377,598</u>	<u>5,349</u>	<u>2,893</u>	<u>385,840</u>

Please note that the Group did not include the liabilities arising from the redemption rights and the anti-dilution rights that were granted to the Investors in the above table as these rights are subject to certain conditions and scenarios (please refer to note 30 and note 31 for more details).

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

3 Financial risk management (continued)

3.2 Capital risk management (continued)

Consistent with others in the industry, the Group monitors capital on the basis of the net debt equity ratio. This ratio is calculated as “net debt” divided by “total equity/(deficit)”. Net debt is calculated as total borrowings, other payable - borrowing from sales and leaseback, lease liabilities, redemption liabilities and financial liabilities at fair value through profit or loss, less cash and cash equivalents and financial assets at fair value through profit or loss. The net debt equity ratios of December 31, 2022, 2023 and 2024 were as follows:

	As at December 31,		
	2022	2023	2024
Borrowings	35,000	65,000	145,378
Other payable - borrowing from sales and leaseback	—	1,000	—
Lease liabilities	18,767	9,598	18,248
Redemption liabilities	2,108,990	3,038,456	3,303,051
Financial liabilities at fair value through profit or loss	667	2,383	2,370
Less: cash and cash equivalents	(74,118)	(379,224)	(156,476)
Wealth management products at fair value through profit or loss	—	(69,010)	—
Net debt	2,089,306	2,668,203	3,312,571
Total deficit	(1,911,238)	(2,298,757)	(2,752,908)
Net debt deficit ratio	(109%)	(116%)	(120%)

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

<i>Recurring fair value measurements</i>	Level 1	Level 2	Level 3	Total
As at December 31, 2022	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss				
—Unlisted equity investments	—	—	21,680	21,680
Financial liabilities				
Financial liabilities at fair value through profit or loss				
—Anti-dilution rights granted to the Investors (note 2.1.5)	—	—	667	667

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(i) Fair value hierarchy (continued)

<i>Recurring fair value measurements</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As at December 31, 2023	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss				
—Unlisted equity investments	—	—	30,588	30,588
—Wealth management products	—	—	69,010	69,010
	—	—	99,598	99,598
	==	==	==	==
Financial liabilities				
Financial liabilities at fair value through profit or loss				
—Anti-dilution rights granted to the Investors				
(note 2.1.5)	—	—	2,383	2,383
	—	—	==	==
	==	==	==	==
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at December 31, 2024	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss				
—Unlisted equity investments	—	—	24,347	24,347
	—	—	24,347	24,347
	==	==	==	==
Financial liabilities				
Financial liabilities at fair value through profit or loss				
—Anti-dilution rights granted to the Investors				
(note 2.1.5)	—	—	2,370	2,370
	—	—	==	==
	==	==	==	==

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and financial liabilities at fair value through profit or loss.

(ii) Valuation techniques used to determine fair values

The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss in unlisted equity investments (note 25), financial assets at fair value through profit or loss in wealth management products (note 25) and financial liabilities at fair value through profit or

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)****3.3 Fair value estimation (continued)***(a) Financial assets and liabilities (continued)**(ii) Valuation techniques used to determine fair values (continued)*

loss (note 31). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.

The finance department of the Group involves an independent valuer to perform the valuations of unlisted equity investments and financial liabilities at fair value through profit or loss. This independent valuer reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the independent valuer on a periodical basis, in line with the Group's reporting periods.

(iii) Fair value measurements using significant unobservable inputs (level 3)

There are no transfers of financial assets or liabilities between levels 2 and 3 during the Track Record Period.

The following table presents the changes in level 3 instruments of financial assets and financial liabilities measured at fair value through profit or loss for the years ended December 31, 2022, 2023 and 2024.

	Financial assets at FVPL - wealth management products	Financial assets at FVPL - unlisted equity investments	Financial liabilities at FVPL - Anti-dilution rights granted to the Investors
	RMB'000	RMB'000	RMB'000
Opening balance at January 1, 2022	80,859	23,022	(270)
Additions	88,900	—	(362)
Disposals	(170,754)	—	—
Gains recognized in other (losses)/gains—net (note 8)	995	(1,342)	(35)
Closing balance at December 31, 2022	<u>—</u>	<u>21,680</u>	<u>(667)</u>
Additions	803,010	—	(985)
Disposals	(737,110)	—	—
Gains recognized in other (losses)/gains—net (note 8)	3,110	8,908	(731)
Closing balance at December 31, 2023	<u>69,010</u>	<u>30,588</u>	<u>(2,383)</u>
Additions	80,000	2,250	—
Disposals	(150,006)	—	—
Gains recognized in other (losses)/gains—net (note 8)	996	(8,491)	13
Closing balance at December 31, 2024	<u>—</u>	<u>24,347</u>	<u>(2,370)</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

Description	Fair value			Significant unobservable inputs	Range of inputs			Relationship of unobservable inputs to fair value
	As at December 31,				As at December 31,			
	2022	2023	2024		2022	2023	2024	
	RMB'000 RMB'000 RMB'000							
Financial assets at FVPL—wealth management products	—	69,010	—	Expected rate of return	n/a	2.6%	n/a	The higher the expected rate of return, the higher the fair value
				Discount for lack of marketability (“DLOM”)	20.0%-27.7%	20.0%	20.0%	The higher the DLOM, the lower the fair value
Financial assets at FVPL—unlisted equity investments	21,680	30,588	24,347	Enterprise value/Sales	0.6-4.6	0.6-4.7	5.5	The higher the Enterprise value/Sales, the higher the fair value
				Discount rate	15.0%	15.0%	15.0%	The higher the discount rate, the lower the fair value
				Volatility	51.1%	45.5%	53.1%	The higher the volatility, the higher the fair value
				Risk-free interest rate	2.1%	2.1%	1.0%	The higher the risk-free interest rate, the lower the fair value
Financial liabilities at FVPL—anti-dilution right granted to the Investors	667	2,383	2,370	DLOM	10.0%	10.0%	10.0%	The higher the DLOM, the lower the fair value

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**3 Financial risk management (continued)**

3.3 Fair value estimation (continued)

(a) *Financial assets and liabilities (continued)*(iii) *Fair value measurements using significant unobservable inputs (level 3) (continued)*

The Group entered into contracts in respect of wealth management products with expected but not guaranteed rates of return ranging as shown above. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL. If the expected rate of return of investments held by the Group be 1% higher/lower as at December 31, 2022, 2023 and 2024, loss before income tax for the years ended December 31, 2022, 2023 and 2024 would be approximately nil, RMB144.2 thousand lower/higher, nil, respectively.

If the DLOM the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the loss before income tax for the years ended December 31, 2022, 2023, and 2024 and would be RMB708.4 thousand/ RMB554.0 thousand lower/higher, RMB864.0 thousand / RMB 863.0 thousand lower/higher, RMB634.0 thousand/ RMB633.0 thousand lower/higher, respectively.

Fair value of financial liabilities at FVPL is affected by changes in the fair value of the underlying equity of the Company. If the Company's equity value was higher/lower by 10% with all other variables held constant, the loss before income tax for the years ended December 31, 2022, 2023 and 2024 would be RMB197.1 thousand/ RMB167.2 thousand lower/higher, RMB753.1 thousand/ RMB758.3 thousand lower/higher and RMB838.8 thousand/ RMB901.8 thousand lower/higher, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**4 Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition—allocating the transaction price

If a contract has several distinct performance obligations, the transaction price is allocated to each of distinct performance obligation in the contract based on their relative stand-alone selling prices. If the stand-alone selling price is not directly observable, management estimate the stand-alone selling price using cost plus a reasonable margin approach or residual approach when appropriate, depending on the availability of observable information for such performance obligations.

Significant assumptions and estimates have been made in identifying the number of performance obligations included in the contracts and estimating the standalone selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates could materially impact the timing of revenue recognition.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in mainland China and Hong Kong. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it to be probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of financial assets

The loss allowance for financial assets disclosed in note 3.1 is based on assumptions about risk of default and expected loss rate. The Group uses judgment in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**4 Critical accounting estimates and judgments (continued)***(d) Fair value of unlisted equity investments classified as financial assets at FVPL*

The fair value of unlisted equity investments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in note 3.3.

5 Segment information

During the Track Record Period, the Group's business activities are primarily providing sales of AI products, solutions and charging service fees for using its AI platform and solutions. The Group's CODM, who has been identified as the chief executive officer, reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment.

No geographical segment information is presented as the revenue and operating losses of the Group are mainly derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

6 Revenue

Disaggregation of revenue from contracts with customers by revenue streams is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Daily life	486,682	578,729	739,830
Healthcare	113,452	148,245	199,180
Others	485	342	7
	<u>600,619</u>	<u>727,316</u>	<u>939,017</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Revenue			
—recognized at a point in time	583,048	698,529	910,961
—recognized over time	<u>17,571</u>	<u>28,787</u>	<u>28,056</u>
	<u>600,619</u>	<u>727,316</u>	<u>939,017</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

6 Revenue (continued)

There is no single customer who contributed more than 10% of the total revenue of the Group for the years ended December 31, 2022, 2023, and 2024.

Contract assets and contract liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets (i)			
Daily life	1,834	3,593	3,265
Healthcare	3,091	1,764	2,482
Less: allowance for impairment of contract assets	(1,017)	(1,234)	(778)
Total	<u>3,908</u>	<u>4,123</u>	<u>4,969</u>
Contract liabilities (ii)			
Daily life	42,294	53,920	80,884
Healthcare	12,909	10,884	5,381
Others	674	—	—
Total	<u>55,877</u>	<u>64,804</u>	<u>86,265</u>

The Company has recognized the following revenue-related contract assets and liabilities:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Contract assets (i)			
Daily life	220	971	23
Healthcare	3,091	1,764	1,169
Less: allowance for impairment of contract assets	(715)	(817)	(162)
Total	<u>2,596</u>	<u>1,918</u>	<u>1,030</u>
Contract liabilities (ii)			
Daily life	5,496	17,758	19,911
Healthcare	1,562	2,930	3,647
Total	<u>7,058</u>	<u>20,688</u>	<u>23,558</u>

- (i) Contract assets are the Group's right to consideration in exchange for goods or services that the Group transferred to the customer where that right is conditional on something other than the passage of time. As at end of each year of the Track Record Period, the contract assets were mainly the unsettled part of contract fees relating to quality guarantee.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets.

- (ii) Contract liabilities mainly arise from the advance payments from customers upon which the performance obligations have been established while the underlying services are yet to be provided.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

6 Revenue (continued)

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of each period, recognized during each of the Track Record Period related to carried-forward contract liabilities.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Daily life	12,267	17,991	21,243
Healthcare	2,018	5,504	6,264
Others	25	165	—
Total	<u>14,310</u>	<u>23,660</u>	<u>27,507</u>

Unsatisfied performance obligations

The following table shows unsatisfied performance obligations as at December 31, 2022, 2023 and 2024:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Daily life	110,568	198,963	310,701
Healthcare	16,399	30,463	50,992
Total	<u>126,967</u>	<u>229,426</u>	<u>361,693</u>

Management expects that 50.5%, 68.8% and 79.3% of the transaction price allocated to the unsatisfied contracts as at December 31, 2022, 2023 and 2024 will be recognized as revenue within one year. The remaining 49.5%, 31.2% and 20.7% will be recognized over one year.

7 Other income

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants (i)	13,241	32,749	16,084
VAT refund and VAT super-deduction	2,328	3,382	809
Others	177	182	184
	<u>15,746</u>	<u>36,313</u>	<u>17,077</u>

- (i) The Group received government grants from local governments as support for research and development expenses relating to innovation activities.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

8 Other (losses)/gains—net

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net fair value (losses)/gains on financial assets at FVPL (note 25)	(347)	12,018	(7,495)
Net fair value (losses)/gains on financial liabilities at FVPL (note 3.3) . .	(35)	(731)	13
Financial subleasing related income	334	171	222
Potential loss on investments accounted for using the equity method . . .	—	—	(4,900)
Other items	(1,315)	(879)	(1,804)
	<u>(1,363)</u>	<u>10,579</u>	<u>(13,964)</u>

9 Expenses by nature

Expenses included in cost of sales and services, selling and marketing expenses, administrative expenses and research and development expenses are further analyzed as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (note 10)	173,203	179,527	186,942
Cost of hardware	279,629	302,899	312,938
Software development support fees	61,272	108,891	237,147
Technology service fees	147,266	143,906	210,146
Marketing and promotional expenses	12,950	18,534	25,393
Server operation and cloud-based service fees	10,922	17,139	32,681
Depreciation of property, plant and equipment (note 16)	12,417	9,468	12,766
Depreciation of right-of-use assets (note 17)	9,450	10,131	10,086
Amortization of intangible assets (note 18)	373	277	2,997
Auditors' remuneration			
— Audit services	773	568	423
Listing expenses	15,757	26,276	21,234
Other professional fees	4,067	6,111	4,523
Taxes and surcharges	2,560	2,731	3,682
Other expenses	11,698	16,481	18,462
	<u>742,337</u>	<u>842,939</u>	<u>1,079,420</u>

10 Employee benefit expenses

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	134,071	134,261	148,674
Pension costs	17,858	17,914	17,951
Housing funds	9,749	9,819	9,955
Other social security costs	10,689	10,712	10,155
Other employee welfare	1,587	3,386	2,900
Share based compensation (note 32(i))	—	4,532	—
	<u>173,954</u>	<u>180,624</u>	<u>189,635</u>
Less: capitalized in contract fulfillment cost	(751)	(1,097)	(2,693)
	<u>173,203</u>	<u>179,527</u>	<u>186,942</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**10 Employee benefit expenses (continued)***(i) Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group for the Track Record Period included 2, 1 and 3 directors respectively, whose emoluments are disclosed in note 41. The emoluments payable to the remaining 3, 4 and 2 individuals during the Track Record Period respectively are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	3,057	3,856	1,513
Pension costs	201	245	141
Housing benefits	97	134	81
Other social security costs	121	143	83
	<u>3,476</u>	<u>4,378</u>	<u>1,818</u>

The emoluments of the 3, 4 and 2 individuals fell within the following bands:

	Year ended December 31,		
	2022	2023	2024
Emoluments bands:			
HK\$ 500,000 to HK\$1,000,000	—	—	1
HK\$1,000,001 to HK\$1,500,000	<u>3</u>	<u>4</u>	<u>1</u>
	<u>3</u>	<u>4</u>	<u>2</u>

During the Track Record Period, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

11 Finance costs—net

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income from bank deposits	<u>314</u>	<u>1,875</u>	<u>2,298</u>
Finance costs			
Interest expenses on redemption liabilities (note 30)	(176,429)	(208,845)	(264,595)
Interest expenses on bank borrowings	(340)	(2,808)	(5,323)
Interest expenses on lease liabilities (note 17)	(906)	(731)	(1,020)
Interest expenses on borrowing from sales and leaseback	<u>—</u>	<u>(386)</u>	<u>(5)</u>
Finance costs—net	<u>(177,361)</u>	<u>(210,895)</u>	<u>(268,645)</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

12 Subsidiaries

(a) Subsidiaries of the Group

The Group's principal subsidiaries at December 31, 2022, 2023 and 2024 are set out below. Unless otherwise stated, the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of operation and date of incorporation/ establishment	Principal activities	Paid in capital as at December 31, 2024	Ownership interest held By the Group as at			
				December 31,			Date of report
				2022	2023	2024	
Directly held by the Company							
Shenzhen Unisound Information Technology Co., Ltd. (深圳云知声信息技术有限公司) (“Shenzhen Unisound”)	Shenzhen, China December 28, 2015	Daily life, Healthcare	RMB 10,000,000	100%	100%	100%	100%
HK UNISOUND INFORMATION TECHNOLOGY CO., LIMITED (香港云知声信息技术有限公司)	Hong Kong, China January 13, 2016	Daily life	HKD 10,000	100%	100%	100%	100%
Yunzhixin Smart City Development (Xiamen) Co., Ltd. (云知芯智慧城市发展(厦门)有限公司)	Xiamen, China January 28, 2021	Daily life	Nil	100%	Nil	Nil	Nil
Beijing Zhuyun Shanhai Intelligent Technology Co., Ltd. (北京逐云山海智能科技有限公司)	Beijing, China November 15, 2023	Daily life	Nil	Nil	100%	100%	100%
Shanghai Xiongzun Intelligent Engineering Co., Ltd. (上海雄尊智能工程有限公司)	Shanghai, China April 27, 2021	Daily life	RMB 200,000	100%	100%	100%	100%
Chengdu Unisound AI Technology Co., Ltd. (成都云知声智能科技有限公司)	Chengdu, China May 20, 2021	Daily life	RMB 10,000,000	100%	100%	100%	100%
Unisound (Tianjin) Information Technology Co., Ltd. (云知声(天津)信息技术有限公司)	Tianjin, China August 3, 2022	Daily life	RMB 8,000,000	100%	100%	100%	100%
Xiamen Unisound AI Technology Co., Ltd. (厦门云知芯智能科技有限公司)	Xiamen, China October 18, 2017	Daily life	RMB 100,000,000	100%	100%	100%	100%
Unisound (Shanghai) Intelligent Technology Co., Ltd. (云知声(上海)智能科技有限公司) (“Shanghai Unisound”)	Shanghai, China August 7, 2017	Daily life	RMB 100,000,000	100%	100%	100%	100%
Jinan Yunzhisheng Technology Co., Ltd. (济南云知声科技有限公司)	Jinan, China April 19, 2023	Daily life	RMB 50,000,000	Nil	100%	100%	100%
Yunzhisheng (Xinyang) Digital Technology Co., Ltd (云知声(信阳)数字科技有限公司)	Xinyang, China May 22, 2023	Daily life	RMB 100,000,000	Nil	100%	100%	100%
Unisound (Hangzhou) AI Technology Co., Ltd. (云知声(杭州)智能科技有限公司)	Hangzhou, China June 6, 2023	Daily life	RMB 100,000,000	Nil	100%	100%	100%
Sichuan Yunzhisheng Intelligent Technology Co., Ltd. (四川云知声智能科技有限公司)	Sichuan, China June 21, 2023	Daily life	RMB 100,000,000	Nil	100%	100%	100%

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

12 Subsidiaries (continued)

(a) Subsidiaries of the Group (continued)

Name	Place of operation and date of incorporation/ establishment	Principal activities	Paid in capital as at December 31, 2024	Ownership interest held By the Group as at				
				December 31,			Date of report	
				2022	2023	2024		
Directly held by the Company (continued)								
Guangxi Guiyuntong Technology Co., Ltd.(广西桂云通科技有限公司)	Nanning, China March 27, 2023	Daily life	RMB 10,000,000	Nil	65%	65%	65%	
Henan Yunzhisheng Technology Co., Ltd.(河南云知声科技有限公司)	Nanning, China January 17, 2024	Daily life	RMB 1,000,000	Nil	Nil	100%	100%	
Jiangsu Yunzhisheng Technology Co., Ltd.(江苏云知声科技有限公司)	Nanjin, China September 29, 2024	Daily life	RMB 10,000,000	Nil	Nil	100%	100%	
Indirectly held by the Company								
Xiamen Deep Learning AI Engineering Research Institute Co., Ltd. (厦门深度学习智能工程研究院有限公司)	Xiamen, China December 28, 2017	Daily life	RMB 2,000,000	100%	100%	100%	100%	
Yunmao Internet Intelligent Technology (Xiamen) Co., Ltd. (云茂互联智能科技(厦门)有限公司) . .	Xiamen, China April 17, 2019	Daily life	RMB 10,000,000	51%	51%	51%	51%	
Fujian Unisound AI Technology Co., Ltd. (福建云知声智能科技有限公司) (Fujian Unisound)	Fujian, China January 7, 2021	Daily life	RMB 2,000,000	51%	75%	75%	75%	
Jiangsu Yunzhisheng Shanhai Technology Co., Ltd.(江苏云知声山海科技有限公司)	Nanjin, China November 05, 2024	Daily life	Nil	Nil	Nil	60%	60%	

The Company records in its balance sheets the “Investments in subsidiaries” including i) the paid-in capital to its directly held subsidiaries as listed above at RMB228 million, RMB585 million and 596 million on December 31, 2022, 2023 and 2024, respectively, and ii) share-based compensation expenses for historical share incentives granted to certain employees of the directly held subsidiaries using the Company’s equity instruments, amounted to RMB2.2 million, RMB2.2 million, and RMB2.2 million on December 31, 2022, 2023 and 2024, respectively.

(b) Investment in subsidiaries — the Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	122,383	230,383	586,883
Additional investments in subsidiaries	108,000	356,500	11,000
Impairment of investments in a subsidiary	—	—	(5,100)
At end of the year	230,383	586,883	592,783

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**13 Investments accounted for using the equity method**

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	1,525	2,617	—
Share of profit/(loss)	1,092	(2,617)	—
At end of the year	<u>2,617</u>	<u>—</u>	<u>—</u>

Set out below is the associate, accounted for using the equity method, of the Group as at December 31, 2022, 2023 and 2024. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of operation	% of ownership interest			Carrying amount		
		As at December 31,			As at December 31,		
		2022	2023	2024	2022	2023	2024
		%	%	%	RMB'000	RMB'000	RMB'000
Shanghai Maosheng Intelligence Technology Co., Ltd. ("Maosheng")	Shanghai, China	49.0	49.0	49.0	<u>2,617</u>	<u>—</u>	<u>—</u>

14 Income tax expense*(a) Hong Kong Income Tax*

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax of which the tax rate is 8.25% on assessable profits up to HKD2 million, and 16.5% on any part of assessable profits over HKD2 million for the Track Record Period.

(b) PRC Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of its operations in the PRC was subject to a statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

The Company, Shenzhen Unisound and Shanghai Unisound qualified as "High and New Technology Enterprises" ("HNTEs") under the relevant PRC laws and regulations. Accordingly, these entities were entitled to a preferential income tax rate of 15% during the Track Record Period. This status is subject to a requirement that they reapply for HNTEs status every three years.

The income tax (credit)/expense of the Group for the years ended December 31, 2022, 2023 and 2024 is as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax	33	2,309	80
Deferred income tax (credit)/expense (note 34)	(222)	346	(242)
Income tax (credit)/expense	<u>(189)</u>	<u>2,655</u>	<u>(162)</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**14 Income tax expense (continued)***(b) PRC Corporate Income Tax ("CIT") (continued)*

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loss before income tax credit	(375,580)	(373,589)	(454,373)
Tax calculated at statutory tax rate of 25%	(93,895)	(93,397)	(113,593)
<i>Tax effects of:</i>			
Expenses not deductible for tax purposes (i)	36,504	31,996	40,310
Super-deduction for research and development expenses (ii)	(18,994)	(22,603)	(31,663)
Tax losses and temporary differences for which no deferred income tax asset was recognized (iii)	39,486	48,115	57,360
Effect of preferential tax rates	36,735	38,544	47,454
Effect of different tax rates	(25)	—	(30)
	<u>(189)</u>	<u>2,655</u>	<u>(162)</u>

- (i) Expenses not deductible for tax purposes mainly consist of interest expense on redemption liabilities (note 11) and certain non-deductible expenses.
- (ii) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super-deduction"). The Group has made its best estimation for the Super-deduction to be claimed for the Group's entities in ascertaining their assessable profits for the years ended December 31, 2022, 2023 and 2024.
- (iii) As at December 31, 2022, 2023, and 2024, the Group had unused tax losses of approximately RMB1,508 million, RMB1,718 million and RMB1,946 million respectively that can be carried forward against future taxable income. The unused tax losses of the Group were from the subsidiaries incorporated in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extension for expiries of unused tax losses of HNTes issued in August 2018, the accumulated tax losses which have not expired by 2018 have been extended from 5 years to 10 years from then on.

As at December 31, 2022, 2023 and 2024, the expiry dates of the unused tax losses are listed as below.

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023	318	—	—
Year ended December 31, 2024	42,833	42,785	—
Year ending December 31, 2025	91,952	76,939	75,825
Year ending December 31, 2026	118,708	118,708	117,951
Year ending December 31, 2027	153,406	149,851	149,851
Year ending December 31, 2028	171,611	167,531	166,561

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**14 Income tax expense (continued)***(b) PRC Corporate Income Tax ("CIT") (continued)*

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Year ending December 31, 2029	252,370	252,370	293,972
Year ending December 31, 2030	202,499	202,499	202,499
Year ending December 31, 2031	226,944	226,944	226,944
Year ending December 31, 2032	247,287	247,279	247,279
Year ending December 31, 2033	—	233,374	233,374
Year ending December 31, 2034	—	—	232,240
	<u>1,507,928</u>	<u>1,718,280</u>	<u>1,946,496</u>

15 Loss per share

Basic loss per share for the years ended December 31, 2022, 2023 and 2024 are calculated by dividing the loss attributable to the Company's owners by the weighted average number of ordinary shares in issue during the Track Record Period.

The calculation of loss per share is based on the following:

	Year ended December 31,		
	2022	2023	2024
Loss for the year attributable to owners of the Company (RMB'000)	(366,012)	(375,461)	(452,364)
Weighted average number of ordinary shares in issue (thousand shares)	63,613	67,357	69,392
Basic and diluted loss per share (RMB yuan) (a)	<u>(5.75)</u>	<u>(5.57)</u>	<u>(6.52)</u>

- (a) Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the Group incurred losses for the years ended December 31, 2022, 2023 and 2024, the potential ordinary shares 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, 2022, 2023 and 2024 are the same as basic loss per share for the respective years.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

16 Property, plant and equipment

The Group

	Electronic equipment RMB'000	Office furniture RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost:				
At January 1, 2022	55,100	5,140	15,997	76,237
Additions	1,103	287	99	1,489
Disposals	(519)	(48)	—	(567)
At December 31, 2022	55,684	5,379	16,096	77,159
Additions	14,078	111	41	14,230
Disposals	(1,880)	(65)	—	(1,945)
At December 31, 2023	67,882	5,425	16,137	89,444
Additions	8,478	2,707	10,529	21,714
Disposals	(736)	(154)	(16,035)	(16,925)
At December 31, 2024	75,624	7,978	10,631	94,233
Accumulated depreciation:				
At January 1, 2022	(35,967)	(3,936)	(10,840)	(50,743)
Depreciation	(8,725)	(631)	(3,061)	(12,417)
Disposals	492	42	—	534
At December 31, 2022	(44,200)	(4,525)	(13,901)	(62,626)
Depreciation	(6,980)	(471)	(2,017)	(9,468)
Disposals	1,751	59	—	1,810
At December 31, 2023	(49,429)	(4,937)	(15,918)	(70,284)
Depreciation	(9,255)	(753)	(2,758)	(12,766)
Disposals	717	146	16,035	16,898
At December 31, 2024	(57,967)	(5,544)	(2,641)	(66,152)
Net carrying amount:				
At December 31, 2022	11,484	854	2,195	14,533
At December 31, 2023	18,453	488	219	19,160
At December 31, 2024	17,657	2,434	7,990	28,081

Depreciation expenses have been charged to profit or loss and presented in the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of sales	3,930	3,565	2,536
Selling and marketing expenses	988	1,591	4,142
Administrative expenses	1,177	956	862
Research and development expenses	6,322	3,356	5,226
	12,417	9,468	12,766

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

16 Property, plant and equipment (continued)

The Company

	Electronic equipment RMB'000	Office furniture RMB'000	Leasehold improvement RMB'000	Total RMB'000
Cost:				
At January 1, 2022	13,136	3,952	10,968	28,056
Additions	809	194	—	1,003
Disposals	(396)	(26)	—	(422)
At December 31, 2022	13,549	4,120	10,968	28,637
Additions	9,328	—	—	9,328
Disposals	(792)	(10)	—	(802)
At December 31, 2023	22,085	4,110	10,968	37,163
Additions	4,337	783	—	5,120
Disposals	(21)	(25)	(10,968)	(11,014)
At December 31, 2024	26,401	4,868	—	31,269
Accumulated depreciation:				
At January 1, 2022	(11,124)	(2,817)	(7,511)	(21,452)
Depreciation	(679)	(447)	(1,661)	(2,787)
Disposals	376	25	—	401
At December 31, 2022	(11,427)	(3,239)	(9,172)	(23,838)
Depreciation	(2,224)	(351)	(1,660)	(4,235)
Disposals	752	10	—	762
At December 31, 2023	(12,899)	(3,580)	(10,832)	(27,311)
Depreciation	(4,240)	(457)	(136)	(4,833)
Disposals	19	18	10,968	11,005
At December 31, 2024	(17,120)	(4,019)	—	(21,139)
Net carrying amount:				
At December 31, 2022	2,122	881	1,796	4,799
At December 31, 2023	9,186	530	136	9,852
At December 31, 2024	9,281	849	—	10,130

Depreciation expenses have been charged to profit or loss and presented in the Company statements of comprehensive loss as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost of sales	2	35	73
Selling and marketing expenses	25	341	66
Administrative expenses	444	820	238
Research and development expenses	2,316	3,039	4,456
	2,787	4,235	4,833

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

17 Leases

The Group

(a) Amounts recognized in the consolidated balance sheets

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Buildings	12,422	8,645	10,385
Lease liabilities			
Current	14,395	4,913	10,665
Non-current	4,372	4,685	7,583
	<u>18,767</u>	<u>9,598</u>	<u>18,248</u>

(b) The movement in right-of-use assets in the consolidated balance sheets are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost			
At beginning of the year	39,662	48,501	33,416
Additions	8,839	7,586	20,586
Modification of leasing contracts	—	(3,407)	—
Termination of lease contracts	—	(19,264)	(34,701)
At end of the year	<u>48,501</u>	<u>33,416</u>	<u>19,301</u>
Accumulated depreciation			
At beginning of the year	(26,629)	(36,079)	(24,771)
Depreciation charge for the year	(9,450)	(10,131)	(10,086)
Modification of leasing contracts	—	2,175	—
Termination of lease contracts	—	19,264	25,941
At end of the year	<u>(36,079)</u>	<u>(24,771)</u>	<u>(8,916)</u>
Net book amount			
At end of the year	<u>12,422</u>	<u>8,645</u>	<u>10,385</u>

(c) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
—Building	9,450	10,131	10,086
Interest expense (note 11)	906	731	1,020
Expense relating to short-term leases	<u>1,132</u>	<u>685</u>	<u>2,145</u>

The total cash outflows for long-term and short-term leases during the years ended December 31, 2022, 2023 and 2024 were approximately RMB12.0 million, RMB16.5 million and RMB15.1 million, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

17 Leases (continued)

The Company

(a) Amounts recognized in the balance sheets of the Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Buildings	4,423	341	4,868
Lease liabilities			
Current	5,163	—	4,380

(b) The movement in right-of-use assets in the balance sheets of the Company are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cost			
At beginning of the year	20,412	20,412	20,412
Additions	—	—	8,986
Termination of lease contracts	—	—	(20,412)
At end of the year	20,412	20,412	8,986
Accumulated depreciation			
At beginning of the year	(11,907)	(15,989)	(20,071)
Depreciation charge for the year	(4,082)	(4,082)	(4,459)
Termination of leasing contracts	—	—	20,412
At end of the year	(15,989)	(20,071)	(4,118)
Net book amount			
At end of the year	4,423	341	4,868

(c) Amounts recognized in the statements of comprehensive income

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
—Building	4,082	4,082	4,459
Interest expense (note 11)	383	101	282
Expense relating to short-term leases	209	219	233

The total cash outflows for long-term and short-term leases during the years ended December 31, 2022, 2023 and 2024 were approximately RMB5.1 million, RMB6.0 million and RMB5.1 million, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

18 Intangible Assets

The Group

	Software RMB'000	Patent RMB'000	Total RMB'000
Cost:			
At January 1, 2022	2,291	300	2,591
Additions	321	—	321
Disposals	—	—	—
At December 31, 2022	2,612	300	2,912
Additions	215	—	215
Disposals	—	—	—
At December 31, 2023	2,827	300	3,127
Additions	10,690	600	11,290
Disposals	—	(300)	(300)
At December 31, 2024	13,517	600	14,117
Accumulated amortization:			
At January 1, 2022	(1,929)	(50)	(1,979)
Amortization	(223)	(150)	(373)
Disposals	—	—	—
At December 31, 2022	(2,152)	(200)	(2,352)
Amortization	(177)	(100)	(277)
Disposals	—	—	—
At December 31, 2023	(2,329)	(300)	(2,629)
Amortization	(2,697)	(300)	(2,997)
Disposals	—	300	300
At December 31, 2024	(5,026)	(300)	(5,326)
Net carrying amount:			
At December 31, 2022	460	100	560
At December 31, 2023	498	—	498
At December 31, 2024	8,491	300	8,791

Amortization expenses have been charged to profit or loss and presented in the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Selling and marketing expenses	21	21	2,522
Administrative expenses	87	63	101
Research and development expenses	265	193	374
	373	277	2,997

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

18 Intangible Assets (continued)

The Company

	Software RMB'000
Cost:	
At January 1, 2022	2,085
Additions	321
Disposals	—
At December 31, 2022	2,406
Additions	214
Disposals	—
At December 31, 2023	2,620
Additions	—
Disposals	—
At December 31, 2024	2,620
Accumulated amortization:	
At January 1, 2022	(1,883)
Amortization	(192)
Disposals	—
At December 31, 2022	(2,075)
Amortization	(145)
Disposals	—
At December 31, 2023	(2,220)
Amortization	(163)
At December 31, 2024	(2,383)
Net carrying amount:	
At December 31, 2022	331
At December 31, 2023	400
At December 31, 2024	237

Amortization expenses have been charged to profit or loss and presented in the consolidated statements of comprehensive loss as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Administrative expenses	87	63	83
Research and development expenses	105	82	80
	<u>192</u>	<u>145</u>	<u>163</u>

19 Other non-current assets

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for acquiring office space (note 38(a))	—	47,393	47,393

On April 25, 2023, the Group entered into an agreement with Jinan Supercomputing Industry Development Co., LTD (濟南超算產業發展有限公司) to acquire office space in the National

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

19 Other non-current assets (continued)

Supercomputing Center Jinan Science Park (國家超算濟南中心科技園). Pursuant to this agreement, on December 31, 2023, the Company paid a down payment of RMB47.4 million, representing approximately 50% of the total expected purchase consideration. The Company recorded the above prepayment as other non-current assets in the consolidated balance sheet. See note 38 for more information.

20 Financial instruments by category

	Note	As at December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortized cost:				
—Trade receivables	23	368,860	411,053	559,242
—Other receivables (included in the “prepayments and other receivables”)	22	5,883	7,460	6,120
—Cash and cash equivalents	26	74,118	379,224	156,476
—Financial lease receivables	21	3,963	750	6,634
Financial assets at fair value through profit or loss				
—Wealth management products	25	—	69,010	—
—Unlisted equity investments	25	21,680	30,588	24,347
		<u>474,504</u>	<u>898,085</u>	<u>752,819</u>
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Financial liabilities				
Financial liabilities at amortized cost:				
—Trade and other payables (excluding tax payables) . . .	33	188,902	176,343	219,941
—Borrowings	37	35,000	65,000	145,378
—Redemption liabilities	30	2,108,990	3,038,456	3,303,051
—Lease liabilities	17	18,767	9,598	18,248
Financial liabilities at fair value through profit or loss:				
—Anti-dilution rights granted to the Investors	31	667	2,383	2,370
		<u>2,352,326</u>	<u>3,291,780</u>	<u>3,688,988</u>

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**21 Financial lease receivables**

Details of finance lease receivables as at December 31, 2022, 2023 and 2024 are as below:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Finance lease receivables, gross			
—Finance lease receivables, undiscounted	4,367	911	7,179
—Unearned finance lease income	(342)	(121)	(443)
	<u>4,025</u>	<u>790</u>	<u>6,736</u>
Less: provision for expected credit losses	(62)	(40)	(102)
Finance lease receivables, net			
— Current	3,293	750	2,909
— Non-current	670	—	3,725
	<u>3,963</u>	<u>750</u>	<u>6,634</u>
Finance lease receivables, undiscounted			
—Within one year	3,456	911	2,972
—After one year but not more than two years	911	—	3,100
—After two years but not more than three years	—	—	1,107
	<u>4,367</u>	<u>911</u>	<u>7,179</u>

As at December 31, 2022, 2023 and 2024, carrying amounts of the finance lease receivables are all denominated in RMB and approximate their fair values at the end of each reporting period, none of which was past due.

Movements on the Group's provision for expected credit losses of finance lease receivables are as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At January 1,	(127)	(62)	(40)
Charge for the year			
—Impairment allowance charged	—	—	(62)
—Impairment allowance reversed	65	22	—
At December 31,	<u>(62)</u>	<u>(40)</u>	<u>(102)</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**22 Prepayments, other receivables and amounts due from subsidiaries***(a) Prepayments and other receivables*

The Group	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other receivables			
—Rental, bidding and other deposits	6,032	7,585	6,239
—Others	3	4	3
Gross other receivables	6,035	7,589	6,242
Less: allowance for impairment of other receivables	(152)	(129)	(122)
	5,883	7,460	6,120
Deductible VAT input	2,939	9,018	15,561
Prepayment to suppliers	23,348	49,778	67,849
Total	32,170	66,256	89,530
The Company	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other receivables			
—Rental, bidding and other deposits	2,128	2,340	2,499
—Others	3	4	—
Gross other receivables	2,131	2,344	2,499
Less: allowance for impairment of other receivables	(90)	(59)	(35)
	2,041	2,285	2,464
Deductible VAT input	904	1,965	51
Prepayment to suppliers	12,087	23,808	25,324
Total	15,032	28,058	27,839

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and expected to be collected over one year.

23 Trade receivables**The Group**

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers			
—Third parties	506,410	623,179	800,492
Less: allowance for impairment of trade receivables	(137,550)	(212,126)	(241,250)
Total trade receivables	368,860	411,053	559,242

The carrying amounts of the Group's trade receivables are mainly denominated in RMB.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

23 Trade receivables (continued)

The Group (continued)

The Group decides trading terms with customers on a case-by-case basis. The credit terms given to trade customers are determined on an individual basis with the normal contractual credit period mainly within 180 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Up to 1 year	323,966	414,111	563,196
1-2 years	133,944	108,459	121,264
More than 2 years	48,500	100,609	116,032
	506,410	623,179	800,492
Less: allowance for impairment of trade receivables	(137,550)	(212,126)	(241,250)
Total	368,860	411,053	559,242

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors as at December 31, 2022, 2023 and 2024.

- (i) *As at December 31, 2022, the loss allowance of individually impaired trade receivables of the Group is determined as follows:*

For trade receivables that do not share the same characteristics with others:

Individual	Gross amount	Expected credit loss rate	Loss allowance	Reason
	RMB'000	%	RMB'000	
Trade receivables	19,765	100.0%	19,765	Fully impaired due to remote possibility of recovery

For trade receivables that share the same characteristics with others:

At December 31, 2022	Gross amount	Expected credit loss rate	Loss allowance
	RMB'000	%	RMB'000
Up to 1 year	323,964	6.0%	19,579
1 to 2 years	128,760	49.9%	64,285
More than 2 years	33,921	100.0%	33,921
Total	486,645	24.2%	117,785

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

23 Trade receivables (continued)

The Group (continued)

- (ii) As at December 31, 2023, the loss allowance of individually impaired trade receivables of the Group is determined as follows:

For trade receivables that do not share the same characteristics with others:

<u>Individual</u>	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000	<u>Reason</u>
Trade receivables	6,172	100.0%	6,172	Fully impaired due to remote possibility of recovery

For trade receivables that share the same characteristics with others:

<u>At December 31, 2023</u>	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000
Up to 1 year	414,111	11.8%	48,791
1 to 2 years	106,956	57.2%	61,223
More than 2 years	95,940	100.0%	95,940
Total	617,007	33.4%	205,954

- (iii) As at December 31, 2024, the Group did not identify any individually impaired trade receivables for the assessment of loss allowance.

For trade receivables that share the same characteristics with others:

<u>At December 31, 2024</u>	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000
Up to 1 year	563,196	12.4%	69,851
1 to 2 years	121,264	45.7%	55,367
More than 2 years	116,032	100.0%	116,032
Total	800,492	30.1%	241,250

The movement on the provision for impairment of trade receivables please refer to note 3.1.

The Company

	<u>As at December 31,</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Trade receivables from contracts with customers			
—Third parties	110,616	155,735	182,133
Less: allowance for impairment of trade receivables	(31,672)	(59,078)	(67,494)
Total trade receivables	78,944	96,657	114,639

The carrying amounts of the Company's trade receivables are mainly denominated in RMB.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

23 Trade receivables (continued)

The Company (continued)

The Company decides trading terms with customers on a case-by-case basis. The credit terms given to trade customers are determined on an individual basis with the normal contractual credit period mainly within 180 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Up to 1 year	64,926	93,664	115,567
1-2 years	27,593	29,163	26,558
More than 2 years	18,097	32,908	40,008
	110,616	155,735	182,133
Less: allowance for impairment of trade receivables	(31,672)	(59,078)	(67,494)
Total	78,944	96,657	114,639

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Company does not hold any collateral as security over these debtors as at December 31, 2022, 2023 and 2024.

- (i) As at December 31, 2022, the loss allowance of individually impaired trade receivables of the Company is determined as follows:

For trade receivables that do not share the same characteristics with others:

Individual	Gross amount	Expected credit loss rate	Loss allowance	Reason
	RMB'000	%	RMB'000	
Trade receivables	2,802	100.0%	2,802	Fully impaired due to remote possibility of recovery

For trade receivables that share the same characteristics with others:

At December 31, 2022	Gross amount	Expected credit loss rate	Loss allowance
	RMB'000	%	RMB'000
Up to 1 year	64,926	5.4%	3,538
1 to 2 years	27,593	36.4%	10,037
More than 2 years	15,295	100.0%	15,295
Total	107,814	26.8%	28,870

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

23 Trade receivables (continued)

The Company (continued)

- (ii) As at December 31, 2023, the loss allowance of individually impaired trade receivables of the Company is determined as follows:

For trade receivables that do not share the same characteristics with others:

Individual

	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000	<u>Reason</u>
Trade receivables	2,802	100.0%	2,802	Fully impaired due to remote possibility of recovery

For trade receivables that share the same characteristics with others:

At December 31, 2023

	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000
Up to 1 year	93,664	11.7%	10,996
1 to 2 years	29,163	52.0%	15,174
More than 2 years	30,106	100.0%	30,106
Total	<u>152,933</u>	<u>36.8%</u>	<u>56,276</u>

- (iii) As at December 31, 2024, the Company did not identify any individually impaired trade receivables for the assessment of loss allowance.

For trade receivables that share the same characteristics with others:

	<u>Gross amount</u> RMB'000	<u>Expected credit loss rate</u> %	<u>Loss allowance</u> RMB'000
Up to 1 year	115,567	13.4%	15,433
1 to 2 years	26,558	45.4%	12,053
More than 2 years	40,008	100.0%	40,008
Total	<u>182,133</u>	<u>37.1%</u>	<u>67,494</u>

24 Inventories

	<u>As at December 31,</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Purchased hardware and software	23,333	23,301	28,435
Contract fulfillment cost	17,056	53,021	119,339
	<u>40,389</u>	<u>76,322</u>	<u>147,774</u>
Less: allowance for impairment of inventories	(6,775)	(8,469)	(7,482)
	<u>33,614</u>	<u>67,853</u>	<u>140,292</u>

- (a) Amounts recognized in profit or loss

Inventories recognized as cost of sales and services during the years ended December 31, 2022, 2023 and 2024 was RMB340.9 million, RMB411.8 million and RMB550.1 million, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

25 Financial assets at fair value through profit or loss

The Group

(a) Classification of financial assets at FVPL

Financial assets measured at FVPL include the following:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Unlisted equity investments	21,680	30,588	24,347
Current assets			
Investments in wealth management products	—	69,010	—

(b) Amounts recognized in profit or loss

During the Track Record Period, the following gains were recognized in profit or loss:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fair value (losses)/gains on investments in unlisted equity investments	(1,342)	8,908	(8,491)
Fair value gains on investments in wealth management products	995	3,110	996
	<u>(347)</u>	<u>12,018</u>	<u>(7,495)</u>

Risk exposure and fair value measurements

Information about the Group's exposure to financial risk is provided in note 3.1 and information about the methods and assumptions used in determining fair value are set out in note 3.3.

The Company

(a) Classification of financial assets at FVPL

Financial assets measured at FVPL include the following:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Non-current assets			
Unlisted equity investments	21,680	30,588	22,097
Current assets			
Investments in wealth management products	—	10,010	—

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

25 Financial assets at fair value through profit or loss (continued)

The Company (continued)

(b) Amounts recognized in profit or loss

During the Track Record Period, the following gains were recognized in profit or loss:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fair value (losses)/gains on investments in unlisted equity investments	(1,342)	8,908	(8,491)
Fair value gains on investments in wealth management products	874	1,729	61
	<u>(468)</u>	<u>10,637</u>	<u>(8,430)</u>

26 Cash and cash equivalents

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash at banks	74,118	379,224	160,017
Less: restricted cash(a)	—	—	(3,541)
Cash and cash equivalents	<u>74,118</u>	<u>379,224</u>	<u>156,476</u>

Cash and cash equivalents of the Group are denominated in the following currencies:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
USD	4,006	3,101	3,376
HKD	1	1	1
RMB	70,111	376,122	153,099
Total	<u>74,118</u>	<u>379,224</u>	<u>156,476</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash at banks	31,973	84,608	12,803
Less: restricted cash	—	—	(590)
Cash and cash equivalents	<u>31,973</u>	<u>84,608</u>	<u>12,213</u>

Cash and cash equivalents of the Company are denominated in the following currencies:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
USD	962	7	6
RMB	31,011	84,601	12,207
Total	<u>31,973</u>	<u>84,608</u>	<u>12,213</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

26 Cash and cash equivalents (continued)

The Company (continued)

- (a) As at December 31, 2024, the restricted cash was in relation to deposits for issuance of letter of guarantee and a dispute in which a subsidiary of the Company was associated defendant without primary obligation.

27 Share capital

	Number of shares	Share capital RMB'000
Authorized and issued		
At January 1, 2022	63,573,428	63,573
Capital injection from Series D2 investors (a)	74,792	75
At December 31, 2022	63,648,220	63,648
Capital injection from Series D3 investors (a)	5,744,253	5,744
At December 31, 2023	69,392,473	69,392
At December 31, 2024	69,392,473	69,392

- (a) The Company completed its Series D2 and Series D3 financing for the years ended December 31, 2022 and 2023, respectively, please see note 28 and note 30 for details.

28 Treasury stock and reserves

The Group

	Treasury stock	Reserve			
		Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	(1,831,637)	1,204,685	326,326	471	1,531,482
Issuance of equity interests to Series D2 investor (note 30)	—	9,634	—	—	9,634
Recognition of redemption liabilities for the preferred rights granted to Series D2 investors (note 30)	(10,000)	—	—	—	—
Modification to granted redemption liabilities (note 30(ii)(b))	—	3,709	—	—	3,709
Recognition of financial liabilities at fair value through profit or loss for the anti-dilution rights newly granted to Series D2 investors (note 31)	—	(362)	—	—	(362)
Currency translation differences	—	—	—	85	85
At December 31, 2022	(1,841,637)	1,217,666	326,326	556	1,544,548

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

28 Treasury stock and reserves (continued)

The Group (continued)

	Treasury stock	Reserve			
		Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	(1,841,637)	1,217,666	326,326	556	1,544,548
Issuance of equity interests to Series D3 investor (note 30)	—	696,741	—	—	696,741
Share-based payment compensation (note 32)	—	—	4,532	—	4,532
Recognition of redemption liabilities for the preferred rights granted to Series D3 investors (note 30)	(722,000)	—	—	—	—
Modification to granted redemption liabilities (note 30(ii)(b))	—	1,379	—	—	1,379
Recognition of financial liabilities at fair value through profit or loss for the anti-dilution rights newly granted to Series D3 investors (note 31)	—	(985)	—	—	(985)
Acquisition of non-controlling interests ..	—	(869)	—	—	(869)
Currency translation differences	—	—	—	294	294
At December 31, 2023	<u>(2,563,637)</u>	<u>1,913,932</u>	<u>330,858</u>	<u>850</u>	<u>2,245,640</u>
At January 1, 2024	<u>(2,563,637)</u>	<u>1,913,932</u>	<u>330,858</u>	<u>850</u>	<u>2,245,640</u>
Currency translation differences	—	—	—	60	60
At December 31, 2024	<u>(2,563,637)</u>	<u>1,913,932</u>	<u>330,858</u>	<u>910</u>	<u>2,245,700</u>

The Company

	Treasury stock	Reserve			
		Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	(1,831,637)	1,204,685	316,937	686	1,522,308
Issuance of equity interests to Series D2 investor (note 30)	—	9,634	—	—	9,634
Recognition of redemption liabilities for the preferred rights newly granted to Series D2 investor (note 30)	(10,000)	—	—	—	—
Modification to granted redemption liabilities (note 30(ii)(b))	—	3,709	—	—	3,709
Recognition of financial liabilities at fair value through profit or loss for the anti-dilution rights newly granted to Series D2 investor (note 31)	—	(362)	—	—	(362)
At December 31, 2022	<u>(1,841,637)</u>	<u>1,217,666</u>	<u>316,937</u>	<u>686</u>	<u>1,535,289</u>
At January 1, 2023	<u>(1,841,637)</u>	<u>1,217,666</u>	<u>316,937</u>	<u>686</u>	<u>1,535,289</u>
Issuance of equity interests to Series D3 investors (note 30)	—	696,741	—	—	696,741
Recognition of redemption liabilities for the preferred rights newly granted to Series D3 investors (note 30)	(722,000)	—	—	—	—
Share-based payment compensation (note 32)	—	—	2,381	—	2,381
Modification to granted redemption liabilities (note 30(ii)(b))	—	1,379	—	—	1,379
Recognition of financial liabilities at fair value through profit or loss for the anti-dilution rights newly granted to Series D3 investors (note 31)	—	(985)	—	—	(985)
At December 31, 2023	<u>(2,563,637)</u>	<u>1,914,801</u>	<u>319,318</u>	<u>686</u>	<u>2,234,805</u>
At December 31, 2024	<u>(2,563,637)</u>	<u>1,914,801</u>	<u>319,318</u>	<u>686</u>	<u>2,234,805</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**29 Accumulated deficit****The Group**

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	(1,291,406)	(1,657,418)	(2,032,879)
Net loss for the year	(366,012)	(375,461)	(452,364)
At end of the year	<u>(1,657,418)</u>	<u>(2,032,879)</u>	<u>(2,485,243)</u>

The Company

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At beginning of the year	(880,125)	(1,197,818)	(1,521,427)
Net loss for the year	(317,693)	(323,609)	(417,139)
At end of the year	<u>(1,197,818)</u>	<u>(1,521,427)</u>	<u>(1,938,566)</u>

30 Redemption liabilities

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Redemption liabilities	<u>2,108,990</u>	<u>3,038,456</u>	<u>3,303,051</u>

Since its incorporation in 2012, the Company has completed several rounds of financing including Series Angel, Series A, Series B, Series C, Series C+, Series D, Series D+, Series D1, Series D2 and Series D3, each leading to an increase in the capital of the Company.

The details of financing undertaken in the Track Record Period are as follows.

Series D2 financing

In June 2022, the Group and then existing shareholders entered into an investment agreement (the "Series D2 Investment Agreement"), with Guangdong Jinhongsheng Venture Capital Partnership (L.P.) (the "Series D2 investor"), pursuant to which the Series D2 Investor injected total capital of RMB10.0 million into the Company, the Company then issued share capital of approximately RMB75 thousand to the Series D2 Investor (referred to as the "Series D2 Capital Injection"), and granted the Series D2 Investor with certain preferred rights, see below (i) for key term summary.

Series D3 financing

In April to June 2023, the Group and then existing shareholders entered into investment agreement (the "Series D3 Agreements") with Henan Yudongnan Zhanxin Industry Venture Capital Fund Partnership, Jinan Tongxin Future Industry Investment Partnership (Limited Partnership), Tianjin Pushu Enterprise Management Consulting Partnership, Deyang Digital New Town Construction and Development Co., Ltd., Deyang Jinghua Industrial Investment Development Co., Ltd., Xinxin Xiangrong Education Technology (Beijing) Co., Ltd. and Hangzhou Fuyang Yaofu Equity Investment Partnership (Limited Partnership)(the "Series D3 investors"), pursuant to which the Company issued share capital of approximately RMB5.7 million to the Series D3 investors (refer to as the "Series D3 Capital Injection"), and granted the Series D3 investors with certain preferred rights, see below (i) for key term summary.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**30 Redemption liabilities (continued)***(i) Key terms of preferred rights granted**Redemption right*

Series Angel, Series A, Series B, Series C, Series C+, Series D, Series D1, Series D+, Series D2, Series D3 investors have rights to require the Company to redeem their investments if (i) the Company fails to achieve a qualified Initial Public Offering (“QIPO”), which means that the Company’s shares be listed on a well-known stock exchange (including but not limited to Shanghai Stock Exchange and Shenzhen Stock Exchange, or other overseas exchanges) before June 30, 2026; or (ii) the application of Initial Public Offering (“IPO”) is rejected by the relevant listing regulatory authorities (including but not limited to the China Securities Regulatory Commission and the stock exchange), but exceptions are made where the Company cannot be listed due to reasons that cannot be attributed to the Company or its Founding Shareholders; or (iii) the certified public accountant appointed by the Company cannot issue an unqualified audit report, making it impossible for the Company to go public; or (iv) the chairman or general manager of the Company are legally identified as having constituted an economic crime, and the chairman or key individual of the Company who is served as or appointed by the Founding Shareholders has caused a significant adverse impact on the Company.

Pursuant to the Series D3 Agreements, these preferred rights will be automatically terminated upon the Company’s submission of the IPO prospectus to the China Securities Regulatory Commission, or any exchanges approved by the Company’s general meeting of shareholders or the Board of Directors, and shall be immediately and automatically reinstated and shall be deemed to have never been terminated if any of the following occurs after the date of automatic termination:

i) The Company voluntarily withdraws its initial public offering and listing application;

ii) The Company fails to pass the review of China Securities Regulatory Commission or other stock exchange within 30 months from the date of filing the formal listing application for reasons other than the Government, or the Company’s listing sponsor withdraws its listing sponsor;

iii) The Company has not completed the listing transaction on the stock exchange for any reason within 6 months from the date of the IPO of its shares and the issuance approval of the China Securities Regulatory Commission or stock exchange for its listing application.

The redemption amount is the total amount paid by the Investors to obtain the equity interest of the Company, plus an annual simple interest rate of 10% for a period of time commencing from certain equity delivery date stated in the contracts to the date triggering redemption, reduce the dividends (if any) declared and paid to these the Investors.

Anti-dilution rights

If the Company increases its share at a price lower than the price paid by the Investors on a per share basis, the Investors have a right to require: (1) the Founding Shareholders to transfer the equity interests of the Company they directly or indirectly held to the Investors at the lowest price allowed by the law; or (2) the Company to issue new share for nominal consideration to the Investors; or (3) the Company or Founding Shareholders to compensate the Investors in cash.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**30 Redemption liabilities (continued)***(ii) Presentation and classification*

The redemption rights granted to the Investors constitute as the Company's obligations to repurchase its own equity instruments. These obligations were recognized as redemption liabilities which are initially measured at fair value (representing the present value of the expected cash flows for settling the related obligations if these rights are exercised by the Investors) and subsequently measured at amortized cost. Interests from the redemption liabilities are charged in finance cost.

The movements of redemption liabilities during the Track Record Period are:

	RMB'000
At January 1, 2022	1,926,270
Recognition of redemption liabilities (a)	10,000
Modification of redemption liabilities (b)	(3,709)
Charged to finance costs	176,429
At December 31, 2022	<u>2,108,990</u>
At January 1, 2023	2,108,990
Recognition of redemption liabilities (a)	722,000
Modification of redemption liabilities (b)	(1,379)
Charged to finance costs	208,845
At December 31, 2023	<u>3,038,456</u>
At January 1, 2024	3,038,456
Charged to finance costs	264,595
At December 31, 2024	<u>3,303,051</u>

- (a) Upon the Series D2 and D3 Capital Injection, the Investors were granted with preferred rights, including redemption rights and other rights, and the Company recognized the redemption rights as redemption liabilities measured at amortized cost, with a corresponding increase of treasury stock. The difference between fair value of these equities with and without preferred rights was recognized as share-based compensation, see note 32 for detail.
- (b) As mentioned above in note (a), along with the grant of preferred rights in Series D2 Capital Injection and Series D3 Capital Injection, the exercise date of the redemption rights of existing investors was deferred pursuant to the renewed shareholders' preferred right agreements and not considered as a substantial modification. The deferral of above redemption right terms resulted in a reduction of redemption liability and a modification gain according to IFRS 9. All investors are ordinary shareholders and the Company considered that the investor's agreement to extend the exercise date of the redemption option was a non reciprocal transaction which could be regarded as a transaction where the investor is acting in their capacity as a shareholder and in substance an equity transaction. The above modification resulted in a decrease of redemption liabilities and a modification gain which is recognized as a credit in equity. See note 28 for reference.

31 Financial liabilities at fair value through profit or loss

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Derivative	<u>667</u>	<u>2,383</u>	<u>2,370</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**31 Financial liabilities at fair value through profit or loss (continued)**

The financial liabilities at FVPL represent derivative financial liabilities arising from anti-dilution rights (note 30(i)) granted to the Investors. The financial liabilities are measured at fair value.

The Company has adopted the interpolation method, discounted cash flow method and equity allocation model to determine 100% of its equity value. Based on the fair value of 100% equity value, the Company has used the “with and without” model based on a bi-nominal model to determine the fair value of anti-dilution rights.

Key assumptions used to determine the fair value of anti-dilution rights are listed in note 3.3 (a) (iii).

32 Share-based compensation**(i) 2023 Employee Incentive Scheme**

On April 12, 2023, the Company adopted the 2023 Employee Incentive Scheme through Yunsi Shangzhi (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (“Yunsi Shangzhi”) and Tianjin Yunsi Shangxin Enterprise Management Consulting Partnership (Limited Partnership) (“Yunsi Shangxin”) (collectively referred to as the “Employee Incentive Platforms”). Huang Wei, the CEO and one of the shareholders of the Company, used his own shares as the award under 2023 Employee Incentive Scheme for granting the scheme participants. An award under the 2023 Employee Incentive Scheme gives a scheme participant in the 2023 Employee Incentive Scheme an option (the “Options”) when granted the award to subscribe for interests in the Employee Incentive Platforms at the consideration separately agreed in the stock incentive agreement entered into among the Company, the General Partner and the relevant Scheme Participant. Upon becoming the limited partner of the Employee Incentive Platforms, the selected Scheme Participants indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms. Through the 2023 Employee Incentive Scheme, a total of 22,327 share options have been granted to the scheme participants through the Employee Incentive Platforms, representing 60,555 shares of the Company, with an exercise price of RMB 1 Yuan. The Options have been immediately vested upon grant date of April 12, 2023.

The share-based compensation in relation to the grant of certain preferred rights and 2024 Employee Incentive Scheme during the Track Record Period was recorded as follows:

	Years ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Research and development expenses (i)	—	4,000	—
Selling and marketing expenses (i)	—	532	—
	—	<u>4,532</u>	—

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**32 Share-based compensation (continued)****(ii) Fair value of the underlying equity of the Company and share options**

The Company has adopted the equity allocation model to determine the fair value of the underlying equity of the Company, and recognized share-based compensation in relation to the grant of certain preferred rights based on the fair value of the underlying equity. The Company has used the Binomial option-pricing model to determine the fair value of the share options based on the fair value of the underlying equity of the Company as at the grant date. Key assumptions are set out below:

	As at April 12, 2023
Fair value of per share options (RMB Yuan)	74.8
Exercise price (RMB Yuan)	1.0
Risk-free interest rate	1.8%-2.5%
Dividend yield	—
Expected volatility	40.4%-54.5%

33 Trade and other payables**The Group**

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables			
— Amounts due to third parties	156,482	135,857	164,796
Tax payables	3,880	5,112	12,954
Other payables:			
— Listing expenses	6,910	14,303	26,806
— Technology service fees	20,187	20,906	23,764
— Deposits	807	800	779
— Borrowing from sales and leaseback	—	1,000	—
— Others	4,516	3,477	3,796
	<u>192,782</u>	<u>181,455</u>	<u>232,895</u>

- (a) The carrying amounts of trade and other payables are considered to be approximate to their fair values, due to their short-term nature. As at December 31, 2022, 2023 and 2024, the carrying amounts of trade and other payables were all denominated in RMB.
- (b) Aging analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Up to 1 year	94,067	81,486	109,792
1 to 2 years	56,452	16,226	21,610
Over 2 years	5,963	38,145	33,394
	<u>156,482</u>	<u>135,857</u>	<u>164,796</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**33 Trade and other payables (continued)****The Company**

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables			
— Amounts due to third parties	25,985	25,020	64,349
Tax payables	793	1,053	8,582
Other payables			
— Amounts due to subsidiaries	28,004	2,151	58,619
— Listing expenses	6,910	14,303	26,806
— Technology service fees	17,894	16,638	18,774
— Deposits	—	—	120
— Borrowing from sales and leaseback	—	167	—
— Others	1,640	1,201	1,458
	<u>81,226</u>	<u>60,533</u>	<u>178,708</u>

- (a) The carrying amounts of trade and other payables are considered to be approximated to their fair values, due to their short-term nature. As at December 31 2022, 2023 and 2024, the carrying amounts of trade and other payables were all denominated in RMB.
- (b) Aging analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Up to 1 year	15,244	17,252	56,338
1 to 2 years	9,747	3,281	1,733
Over 2 years	994	4,487	6,278
	<u>25,985</u>	<u>25,020</u>	<u>64,349</u>

34 Deferred income tax assets and liabilities

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

34 Deferred income tax assets and liabilities (continued)

As at December 31, 2022, 2023 and 2024, the deferred tax assets and deferred tax liabilities is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deferred tax assets:			
— to be recovered after 12 months	4,389	4,820	5,516
— to be recovered within 12 months	480	630	1,514
Offset by deferred tax liabilities	(4,470)	(5,397)	(6,735)
Net deferred income tax assets	399	53	295
Deferred tax liabilities:			
— to be recovered after 12 months	(3,075)	(4,555)	(5,527)
— to be recovered within 12 months	(1,395)	(842)	(1,208)
Offset by deferred income tax assets	4,470	5,397	6,735
Net deferred income tax liabilities	—	—	—

- (a) The movements in deferred income tax assets and deferred income tax liabilities during the Track Record Period are as follows:

	Deferred tax assets - Lease liabilities	Deferred tax assets - tax loss	Deferred tax liabilities - Right-of-use assets	Deferred tax liabilities - Investments measured at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	2,287	2,862	(2,110)	(2,862)	177
Credit/(charged) to profit or loss	50	(330)	172	330	222
As at December 31, 2022	2,337	2,532	(1,938)	(2,532)	399
(Charged)/credit to profit or loss	(575)	1,156	229	(1,156)	(346)
As at December 31, 2023	1,762	3,688	(1,709)	(3,688)	53
Credit/(charged) to profit or loss	614	966	(372)	(966)	242
As at December 31, 2024	2,376	4,654	(2,081)	(4,654)	295

35 Salary and welfare payables

The Group

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	8,928	9,182	9,475
Pension costs (i)	6,060	1,960	2,074
Other social security costs (i)	4,436	956	978
Housing funds	274	556	544
Others	3,268	2,579	1,981
	22,966	15,233	15,052

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**35 Salary and welfare payables (continued)****The Company**

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	4,249	4,631	4,782
Pension costs (i)	5,912	1,069	1,138
Other social security costs (i)	1,809	522	556
Housing funds	42	69	70
Others	1,831	1,134	1,088
	<u>13,843</u>	<u>7,425</u>	<u>7,634</u>

- (i) In 2022, the government announced the 《Circular on Issues Related to Temporary Suspension of Social Insurance Premiums 》(關於階段性緩繳社會保險費有關問題的通告), pursuant to which the Company applied for holdover on payment of such social securities. The accrued but not paid amount is RMB 6.9 million as at December 31, 2022, which has been fully paid as of December 31, 2023.

36 Other non-current liabilities**The Group**

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Provisions	640	1,434	7,060
Deferred government grants (a)	44,393	25,000	22,565
	<u>45,033</u>	<u>26,434</u>	<u>29,625</u>

The Company

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Provisions	160	341	5,433
Deferred government grants (a)	23,497	9,817	8,542
	<u>23,657</u>	<u>10,158</u>	<u>13,975</u>

- (a) The Group received government grants from local governments as support for research and development expenses relating to innovation activities.

37 Borrowings

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bank loans, secured (a)	—	40,000	50,000
Unsecured bank loans	35,000	25,000	60,000
Borrowings from discounted notes receivable (b)	—	—	35,378
	<u>35,000</u>	<u>65,000</u>	<u>145,378</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**37 Borrowings (continued)**

As at December 31, 2022, 2023 and 2024, the Group's borrowings were repayable as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	35,000	65,000	145,378

The weighted average effective interest rate of bank loans for the years ended December 31, 2022, 2023 and 2024 was 4.0%, 4.9% and 3.4% per annum, respectively.

- (a) The secured bank loans were amounted to RMB50 million as at December 31, 2024, of which RMB45 million was secured by the credit of the Group, RMB5 million was secured by the assets by a subsidiary of the Group.
- (b) As at December 31, 2024, the borrowings generated from discounted notes receivable to a bank were amounted to RMB35.4 million.

38 Commitments*(a) Capital commitments*

- (i) On April 25, 2023, the Group entered into an agreement with Jinan Supercomputing Industry Development Co., LTD (濟南超算產業發展有限公司) to acquire office space in National Supercomputing Center Jinan Science Park (國家超算濟南中心科技園) for an estimated cash consideration between RMB90 million and RMB100 million. Pursuant to this agreement, as of December 31, 2023 and 2024, the Company had accumulatively paid RMB47.4 million, representing approximately 50% of total expected purchase consideration. On May 27, 2024, the two parties entered into a supplemental agreement to pay the residual amounts before September 30, 2025.
- (ii) On January 9, 2024, a subsidiary of the Group, Yunzhisheng (Xinyang) Digital Technology Co., Ltd. (雲知聲(信陽)數字科技有限公司) and Xinyang Huaxin Construction Investment Henan Southeast Development and Construction Co., Ltd. (信陽華信建投豫東南開發建設有限公司) jointly invested to establish Xinyang Huayun Industrial Park Construction Co., Ltd. (信陽華雲產業園區建設有限公司) and promised to contribute RMB10 million in cash according to Articles of association, representing 5% of the shareholding. The Group has invested RMB 2.3 million, which was accounted for as financial assets at fair value through profit or loss as of December 31, 2024.

(b) Lease commitments

Certain lease arrangements were contracted before year-end while the related lease commencement date is in the following year. As the underlying assets were not available for use by the Company and the Company cannot control the related assets before the lease commencement date, hence no right-of-use and lease liabilities are recorded at year-end before the lease commencement.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**38 Commitments (continued)***(b) Lease commitments (continued)*

Such lease commitments at the end of each reporting period but not recognized as liabilities is as follows:

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year	1,987	—	533
After 1 year but within 2 years	1,998	—	336
After 2 years but within 3 years	1,169	—	421
After 3 years but within 4 years	940	—	481
After 4 years but within 5 years	1,011	—	200
Total	<u>7,105</u>	<u>—</u>	<u>1,971</u>

For other lease arrangements which have been in use or control before the year-end, the Company records them as right-of-use assets and lease liabilities accordingly.

39 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

Key management personnel compensation

Key management includes director and senior officers. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	7,740	8,438	9,478
Pension costs	664	721	756
Housing benefits	412	503	528
Other social security costs	457	445	464
	<u>9,273</u>	<u>10,107</u>	<u>11,226</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

40 Cash flow information

(a) Cash used in operations

Reconciliation of loss for the year to cash used in operations:

	Note	Year ended December 31,		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Loss before income tax:		(375,580)	(373,589)	(454,373)
Adjustments for:				
Depreciation and amortization	9	22,240	19,876	25,849
Share-based compensation	32	—	4,532	—
Share of profit of associates	13	(1,092)	2,617	—
Net fair value losses on financial liabilities at fair value through profit or loss	31	35	731	(13)
Net fair value losses/(gains) on financial assets at fair value through profit or loss	25	347	(12,018)	7,495
Net impairment losses on financial assets and contract assets recognized in profit or loss	3	71,976	91,346	48,438
Finance costs – net	11	177,361	210,895	268,645
Net impairment losses on inventories	24	3,179	3,606	(987)
Disposal loss of property and equipment		33	135	27
Disposal gains of right-of-use assets		—	(438)	745
Exchange gains		(244)	252	35
Change in working capital:				
—Inventories		10,058	(37,845)	(71,452)
—Trade receivables		(176,042)	(133,367)	(197,014)
—Contract assets		1,524	(432)	(403)
—Prepayment and other receivables		2,888	(34,063)	(23,267)
—Trade and other payables		63,929	(12,734)	52,957
—Salary and welfare payable		9,944	(7,733)	(181)
—Contract liabilities		17,896	8,927	21,461
—Lease receivables		2,977	3,235	2,069
—Other non-current liabilities		2,630	(18,599)	3,191
Cash used in operations		(165,941)	(284,666)	(316,778)

(b) Non-cash investing and financing activities

The major non-cash investing and financing activities during the Track Record Period mainly include (i) the right-of-use assets obtained in exchange for the lease liabilities as described in note 17, and (ii) interest expense on redemption liabilities charged to finance costs as described in note 30.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

40 Cash flow information (continued)

(c) Net debt reconciliation

	As at December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	74,118	379,224	156,476
Wealth management products at fair value through profit or loss	—	69,010	—
Redemption liabilities	(2,108,990)	(3,038,456)	(3,303,051)
Financial liabilities at fair value through profit or loss	(667)	(2,383)	(2,370)
Borrowings	(35,000)	(65,000)	(145,378)
Other payable-borrowing from sales and leaseback	—	(1,000)	—
Lease liabilities	(18,767)	(9,598)	(18,248)
Net debt	<u>(2,089,306)</u>	<u>(2,668,203)</u>	<u>(3,312,571)</u>

*The Company defines its net debt as cash and cash equivalents plus wealth management products at FVPL, minus financial liabilities at FVPL, redemption liabilities, borrowing and lease liabilities at each year.

	Liabilities from financing activities				Other assets		
	Leases	Financial liabilities at fair value through profit or loss	Redemption liabilities	Borrowings	Cash and cash equivalents	Wealth management products at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at January 1, 2022	<u>(20,711)</u>	<u>(270)</u>	<u>(1,926,270)</u>	<u>(4,000)</u>	<u>129,650</u>	<u>80,859</u>	<u>(1,740,742)</u>
Cash flows	10,858	—	—	(31,000)	(55,532)	(81,854)	(157,528)
Changes in fair value	—	(35)	—	—	—	995	960
Additions of lease liabilities	(8,704)	—	—	—	—	—	(8,704)
Additions of redemption liabilities	—	—	(10,000)	—	—	—	(10,000)
Additions of financial liabilities through profit or loss	—	(362)	—	—	—	—	(362)
Government concession	696	—	—	—	—	—	696
Modification of redemption liabilities	—	—	3,709	—	—	—	3,709
Finance costs recognized	<u>(906)</u>	<u>—</u>	<u>(176,429)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(177,335)</u>
Net debt as at December 31, 2022	<u>(18,767)</u>	<u>(667)</u>	<u>(2,108,990)</u>	<u>(35,000)</u>	<u>74,118</u>	<u>—</u>	<u>(2,089,306)</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

40 Cash flow information (continued)

(c) Net debt reconciliation (continued)

	Liabilities from financing activities					Other assets		Total
		Financial liabilities at fair value through profit or loss	Redemption liabilities	Borrowings	Other payable-borrowing from sales and leaseback	Cash and cash equivalents	Wealth management products at fair value through profit or loss	
	Leases							
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at								
January 1,								
2023	(18,767)	(667)	(2,108,990)	(35,000)	—	74,118	—	(2,089,306)
Cash flows	15,787	—	—	(30,000)	(1,000)	305,106	65,900	355,793
Changes in fair value	—	(731)	—	—	—	—	3,110	2,379
Additions of lease liabilities	(4,217)	—	—	—	—	—	—	(4,217)
Additions of redemption liabilities	—	—	(722,000)	—	—	—	—	(722,000)
Additions of financial liabilities through profit or loss	—	(985)	—	—	—	—	—	(985)
Modification of leasing contracts	(1,670)	—	—	—	—	—	—	(1,670)
Modification of redemption liabilities	—	—	1,379	—	—	—	—	1,379
Finance costs recognized ...	(731)	—	(208,845)	—	—	—	—	(209,576)
Net debt as at December 31, 2023	(9,598)	(2,383)	(3,038,456)	(65,000)	(1,000)	379,224	69,010	(2,668,203)
Net debt as at								
January 1,								
2024	(9,598)	(2,383)	(3,038,456)	(65,000)	(1,000)	379,224	69,010	(2,668,203)
Cash flows	12,956	—	—	(80,378)	1,000	(222,748)	(70,006)	(359,176)
Changes in fair value	—	13	—	—	—	—	996	1,009
Additions of lease liabilities	(20,586)	—	—	—	—	—	—	(20,586)
Finance costs recognized ...	(1,020)	—	(264,595)	—	—	—	—	(265,615)
Net debt as at December 31, 2024	(18,248)	(2,370)	(3,303,051)	(145,378)	—	156,476	—	(3,312,571)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

41 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director for the years ended December 31, 2022, 2023 and 2024 were set out below:

	Note	Wages, salaries and bonuses	Pension costs defined contribution plans	Other social security costs	Housing benefits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the Year ended December 31, 2022						
Executive directors						
Liang Jia'en	(i)	651	60	37	43	791
Huang Wei	(ii)	622	60	37	43	762
Kang Heng	(iii)	403	59	37	43	542
Li Xiaohan	(iv)	527	60	37	43	667
Liu Shengping	(v)	1,080	60	37	43	1,220
Li Peng	(vi)	1,052	60	37	43	1,192
Non-executive directors						
Kuang Ziping	(vii)	—	—	—	—	—
Zhou Jiong	(viii)	—	—	—	—	—
Li Zhichao	(ix)	—	—	—	—	—
Liang Xiaodong	(xi)	—	—	—	—	—
Ma Jingxian	(xii)	—	—	—	—	—
Hu Jianjun	(xv)	76	—	—	—	76
Fan Jian	(xvi)	76	—	—	—	76
Zhao Hongfei	(xxi)	6	—	—	—	6
Supervisor						
Shan Bo	(xxiii)	743	60	37	43	883
Ren He	(xxiv)	625	60	37	43	765
Hong Zhao	(xxv)	—	—	—	—	—
		<u>5,861</u>	<u>479</u>	<u>296</u>	<u>344</u>	<u>6,980</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

41 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

	Note	Wages, salaries and bonuses RMB'000	Pension costs defined contribution plans RMB'000	Other social security costs RMB'000	Housing benefits RMB'000	Total RMB'000
For the Year ended December 31, 2023						
Executive directors						
Liang Jia'en	(i)	675	65	40	47	827
Huang Wei	(ii)	670	65	40	47	822
Kang Heng	(iii)	413	65	40	47	565
Li Xiaohan	(iv)	533	65	40	47	685
Liu Shengping	(v)	1,080	65	40	47	1,232
Li Peng	(vi)	1,047	65	40	47	1,199
Non-executive directors						
Kuang Ziping	(vii)	—	—	—	—	—
Zhou Jiong	(viii)	—	—	—	—	—
Li Zhichao	(ix)	—	—	—	—	—
Wang Cunfu	(x)	—	—	—	—	—
Liang Xiaodong	(xi)	—	—	—	—	—
Ma Jingxian	(xii)	—	—	—	—	—
Wang Yazhuo	(xiv)	—	—	—	—	—
Hu Jianjun	(xv)	147	—	—	—	147
Fan Jian	(xvi)	147	—	—	—	147
Jin Huihua	(xvii)	104	—	—	—	104
Zhang Kun	(xviii)	104	—	—	—	104
Chen Hua	(xix)	104	—	—	—	104
Supervisor						
Shan Bo	(xxiii)	748	65	40	47	900
Ren He	(xxiv)	645	65	40	47	797
Hong Zhao	(xxv)	—	—	—	—	—
		<u>6,417</u>	<u>520</u>	<u>320</u>	<u>376</u>	<u>7,633</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)

41 Benefits and interests of directors (continued)

(a) Directors' emoluments (continued)

	Note	Wages, salaries and bonuses	Pension costs - defined contribution plans	Other social security costs	Housing benefits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the Year ended December 31, 2024						
Executive directors						
Liang Jia'en	(i)	674	68	42	50	834
Huang Wei	(ii)	1,200	68	42	50	1,360
Kang Heng	(iii)	413	67	42	49	571
Li Xiaohan	(iv)	538	68	42	50	698
Liu Shengping	(v)	1,082	68	42	50	1,242
Li Peng	(vi)	1,044	68	42	50	1,204
Non-executive directors						
Kuang Ziping	(vii)	—	—	—	—	—
Li Zhichao	(ix)	—	—	—	—	—
Wang Cunfu	(x)	—	—	—	—	—
Wang Yazhuo	(xiv)	—	—	—	—	—
Hu Jianjun	(xv)	200	—	—	—	200
Fan Jian	(xvi)	200	—	—	—	200
Jin Huihua	(xvii)	200	—	—	—	200
Zhang Kun	(xviii)	200	—	—	—	200
Chen Hua	(xix)	200	—	—	—	200
Supervisor						
Shan Bo	(xxiii)	763	68	42	50	923
Ren He	(xxiv)	665	68	42	50	825
Hong Zhao	(xxv)	—	—	—	—	—
		<u>7,379</u>	<u>543</u>	<u>336</u>	<u>399</u>	<u>8,657</u>

- (i) Mr. Liang Jia'en was appointed as a director with effect from June 10, 2019.
- (ii) Mr. Huang Wei was appointed as a director with effect from June 10, 2019.
- (iii) Mr. Kang Heng was appointed as a director with effect from June 10, 2019.
- (iv) Mr. Li Xiaohan was appointed as a director with effect from June 10, 2019.
- (v) Mr. Liu Shengping was appointed as a director with effect from June 10, 2019.
- (vi) Mr. Li Peng was appointed as a director with effect from June 10, 2019.
- (vii) Mr Kuang Ziping was appointed as a director with effect from June 10, 2019.
- (viii) Zhou Jiong was appointed as a director with effect from June 10, 2019 and resigned on December 20, 2023.
- (ix) Li Zhichao was appointed as a director with effect from June 10, 2019.
- (x) Wang Cunfu was appointed as a director with effect from April 12, 2023.
- (xi) Liang Xiaodong was appointed as a director with effect from May 15, 2021 and resigned on June 8, 2023.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**41 Benefits and interests of directors (continued)***(a) Directors' emoluments (continued)*

- (xii) Ma Jingxian was appointed as a director with effect from March 2021 and resigned on April 12, 2023.
- (xiii) Li Xiaoqiang was appointed as a director with effect from June 10, 2019 and resigned on March 29, 2021.
- (xiv) Wang Yazhuo was appointed as a director with effect from December 20, 2023 and resigned on December 31, 2024 and Li Ang was appointed as a director with effect from March 12, 2025.
- (xv) Hu Jianjun was appointed as a director with effect from June 10, 2019.
- (xvi) Fan Jian was appointed as a director with effect from June 10, 2019.
- (xvii) Jin Huihua was appointed as a director with effect from June 23, 2023.
- (xviii) Zhang Kun was appointed as a director with effect from June 23, 2023.
- (xix) Chen Hua was appointed as a director with effect from June 23, 2023.
- (xx) Liu Ming was appointed as a director with effect from June 10, 2019 and resigned on March 29, 2021.
- (xxi) Zhao Hongfei was appointed as a director with effect from June 10, 2019 and resigned on January 25, 2022.
- (xxii) Tu Lingce was appointed as a director with effect from June 10, 2019 and resigned on December 31, 2021.
- (xxiii) Shan Bo was appointed as a director with effect from June 10, 2019.
- (xxiv) Ren He was appointed as a director with effect from June 10, 2019.
- (xxv) Hong Zhao was appointed as a director with effect from June 10, 2019.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2022, 2023 and 2024.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended December 31, 2022, 2023 and 2024.

(d) Information about loans, quasi-loans or other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2022, 2023 and 2024.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (Continued)**41 Benefits and interests of directors (continued)***(e) Directors' material interests in transactions, arrangements or contracts*

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 of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2022, 2023 and 2024.

42 Contingencies

The Group did not have any material contingent liabilities as at December 31, 2024.

43 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during each of the years ended December 31, 2022, 2023 and 2024.

III. SUBSEQUENT EVENTS

No audited financial statements have been prepared by the Company or any companies now comprising the Group in respect of any period subsequent to December 31, 2024 and up to the date of this report.

The information set out in this Appendix does not form part of the “Accountant’s Report” from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I in this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” and “Appendix I – Accountant’s Report.”

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited pro forma adjusted consolidated net tangible assets which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on December 31, 2024 and based on the consolidated net tangible liabilities attributable to the owners of the Company as at December 31, 2024 as shown in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

This unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2024 or at any future date.

	Unadjusted audited consolidated net tangible liabilities attributable to the owners of the Company as at December 31, 2024	Estimated net proceeds from the Global Offering	Estimated impact related to the derecognition of redemption liabilities upon Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per share	
	Note 1 RMB’000	Note 2 RMB’000	Note 3 RMB’000	RMB’000	Note 4 RMB	HK\$
Based on the Offer Price of						
HK\$165 per share	(2,742,579)	198,145	3,303,051	758,617	10.69	11.68
Based on the Offer Price of						
HK\$205 per share	(2,742,579)	252,780	3,303,051	813,252	11.46	12.52

Notes:

- (1) The audited consolidated net tangible liabilities attributable to the owners of the Company as at December 31, 2024 is extracted from the Accountant’s Report set forth in Appendix I to the prospectus, which is based on the audited consolidated net liabilities attributable to the owners of the Company as at December 31, 2024 of RMB2,733,788,000 with an adjustment for the intangible assets as at December 31, 2024 of RMB8,791,000.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$165 and HK\$205 per share after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding RMB63,802,000 which had been charged to the consolidated statements of comprehensive income up to December 31, 2024), without taking into account any shares which may be issued upon the exercise of the Over-allotment Option.
- (3) As described in note 30(i) of the Accountant’s Report set forth in Appendix I to the prospectus, the preferred rights granted to all investors shall be irretrievably terminated upon the Listing and completion of the Global Offering. Accordingly, the carrying amount of the related redemption liabilities of RMB3,303,051,000, would be derecognized and credited to the equity attributed to the owners of the Company as at December 31, 2024.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per share are determined after the adjustments as described in notes (2) and (3) above and on the basis that 70,953,453 shares are in issue, assuming the Global Offering had been completed on December 31, 2024, without taking into account any shares which may fall to be issued upon the exercise of the Over-Allotment Option.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi is converted into Hong Kong dollars at a rate of HK\$1.00 to RMB0.91537. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (6) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2024.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Unisound AI Technology Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Unisound AI Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at December 31, 2024 and related notes (the "Unaudited Pro Forma Financial Information") as set out on page II-1 of the Company's prospectus dated June 20, 2025 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company (the "Proposed Initial Public Offering"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page II-1 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Initial Public Offering on the Group's financial position as at December 31, 2024 as if the Proposed Initial Public Offering had taken place at December 31, 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the period ended December 31, 2024, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Initial Public Offering at December 31, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public

Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, June 20, 2025

TAXATION IN THE PRC**Taxation of Security Holders**

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices in effect, and constitutes no predictions of changes or adjustments to relevant laws or policies or any advice or suggestions thereunder. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares or take into account the specific circumstances of any particular investor, some of which may be subject to special rules. Accordingly, investors should consult their own tax adviser regarding the taxation of an investment in the H Shares. The discussion is based upon current laws and relevant interpretations in effect as at the execution date of this document, all of which are subject to change or adjustment and may be different from our past practice.

The discussion below does not involve any issue concerning the PRC or Hong Kong taxation other than income tax, capital gains tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

Taxation on Dividends*Individual Investors*

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) last amended on August 31, 2018 and implemented on January 1, 2019 as well as the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) last amended on December 18, 2018 and implemented on January 1, 2019, dividends distributed by PRC enterprises are subject to an individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to an individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by an applicable tax treaty. In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No.020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance (“MOF”) and the State Administration of Taxation (the “SAT”) on May 13, 1994 and effective from the same day, overseas individuals are, as an interim measure, exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises. According to the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》) issued by the State Council on February 5, 2013, overseas individuals are no longer exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises, which is, however, not specified in the subsequent Individual Income Tax Law of the PRC and relevant tax regulations.

On June 28, 2011, the SAT issued the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), pursuant to which, dividends received by overseas resident individual shareholders from domestic non-foreign invested enterprises which have issued shares in Hong Kong are subject to

individual income tax, which shall be withheld and paid by a withholding agent according to the items of interest, dividend and bonus income. Overseas resident individual shareholders of domestic non-foreign invested enterprises which have issued shares in Hong Kong are entitled to relevant preferential tax treatment pursuant to the provisions in the tax treaties between the countries in which they are residents and China, and the tax arrangements between Mainland China and Hong Kong (Macau). Individual shareholders are generally subject to a withholding tax rate of 10% without any application when domestic non-foreign invested enterprises which have issued shares in Hong Kong distribute dividends. Where the tax rates on dividends are not 10%, the following requirements shall apply: (1) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates lower than 10%, they may, according to the Notice of SAT on Issuing the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Fa [2009] No.124) (《國家稅務總局關於發佈〈非居民納稅人享受協議待遇管理辦法〉的公告》(國稅發[2009]124號)), apply for refund; (2) for individuals receiving dividends who are citizens from countries that have entered into tax treaties with China with tax rates higher than 10% but lower than 20%, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the agreed effective tax rates under the treaties, without seeking such approval; (3) for individuals receiving dividends who are citizens from countries without tax treaties with China or under other circumstances, the withholding agent will, upon distribution of dividends, withhold and pay the individual income tax at the rate of 20%.

In accordance with the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the 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稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “EIT Law”), which was latest amended and came into effect on December 29, 2018, and Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was latest amended on December 6, 2024 and came into effect on January 20, 2025, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if such non-resident enterprise does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place in the PRC. The aforesaid income tax may be reduced pursuant to applicable treaties to avoid double taxation. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The SAT Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No.897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函 [2008]897號)) issued by the SAT on November 6,

2008, which became effective on the same day, further clarified that a PRC-resident enterprise must withhold corporate income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise shareholders of H Shares with respect to the dividends of 2008 and onwards. In addition, the SAT Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprises from Holding Stocks such as B Shares (Guo Shui Han [2009] No.394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》(國稅函[2009]394號)) issued by the SAT on July 24, 2009, which became effective on the same day, further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaties or agreements that China has concluded with a relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the 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稅和防止偷漏稅的安排》) signed on August 21, 2006, the PRC Government may levy taxes on the dividends paid by a PRC company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, then such tax shall not exceed 5% of the dividends payable by the PRC company.

Tax Treaties

Investors who are not PRC residents and reside in jurisdictions which have entered into avoidance of double taxation treaties or arrangements with the PRC are entitled to a reduction of the PRC enterprise income taxes imposed on the dividends received from PRC companies. At present, the PRC has entered into agreements/arrangements for the avoidance of double taxation with a number of countries or regions including HKSAR, Macau S.A.R, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements may apply to the PRC tax authorities for a refund of enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Income Tax

Individual Investors

According to the Individual Income Tax Law of the PRC, gains realized on the transfer of personal assets are subject to the income tax at a rate of 20%. Under the Circular on the Continued Exemption of Individual Income Tax over Individual Income from Share Transfer by the MOF and the SAT (Cai Shui Zi [1998] No.61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》(財稅字[1998]61號)) jointly issued by the MOF and the SAT on March 30, 1998, which became effective on the same day, from January 1, 1997, gains of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. According to the Individual Income Tax Law (last amended and implemented on January 1, 2019) and its implementing regulations, the SAT has not explicitly stated whether it will continue to exempt individual income tax on gains from the transfer of shares of listed companies.

However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No.167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》(財稅[2009]167號)), which became effective on January 1, 2010 and provides that individuals' income from transferring listed shares publicly issued and transferred on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for shares subject to sales limitations as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No.70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》(財稅[2010]70號)) jointly issued by such departments on November 10, 2010 and coming into effect on the same day.

As of the execution date of this document, no provision has expressly provided that individual income tax shall be collected from non-PRC resident individual shareholders on their gains from the transfer of shares of PRC resident enterprises listed on overseas stock exchanges (such as the Hong Kong Stock Exchange).

Enterprise Investors

In accordance with the EIT Law as well as the Regulations for the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) last amended on December 6, 2024 and came into effect on January 20, 2025, a non-resident enterprise is generally subject to a flat 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or place in the PRC or has an establishment or place in the PRC but the PRC-sourced income is not connected with such establishment or place. Such income tax for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The tax may be reduced pursuant to special arrangements or agreements entered into between the PRC and jurisdictions where the non-resident enterprise operates.

Stamp Duty

Under the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp tax is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, PRC stamp duty on share transfer by PRC listed companies does not apply to acquisitions or dispositions of H shares outside the PRC by non-PRC investors.

Estate Duty

As of the execution date of this document, no estate duty has been levied in China under the PRC laws.

Taxation Policy of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

On October 31, 2014 and November 5, 2016, the MOF, the SAT and the CSRC jointly issued the Notice on Taxation Policies Concerning the Pilot Program of an Interconnection Mechanism for

Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the Notice on Tax Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies do not withhold tax on dividends and bonus income of PRC enterprise investors, and the tax payable shall be declared and paid by enterprises.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited, which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

On December 4, 2019, the MOF, the SAT and the CSRC jointly issued the Announcement on the Continued Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in Shanghai and Hong Kong Stock Markets and for Transactions in Shenzhen and Hong Kong Stock Markets (MOF Announcement 2019 No.93) (《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)). It stipulates that for PRC individual investors, the transfer difference income derived from investing in stocks listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and the trading of Hong Kong fund units through mutual recognition of funds will continue to be exempt from individual income tax on a temporary basis from December 5, 2019 to December 31, 2022.

In addition, pursuant to the Announcement on the Extension of the Implementation of the Individual Income Tax Policies on the Interconnection Mechanisms for Transactions in Shanghai and Hong Kong Stock Markets and for Transactions in Shenzhen and Hong Kong Stock Markets (MOF Announcement 2023 No.23) (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2023年第23號)) jointly issued by the MOF, the SAT and the CSRC on August 21, 2023, the implementation period of the individual income tax exemptions further extends to December 31, 2027.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law, a resident enterprise shall pay EIT on its income originating from both inside and outside the PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC falls into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) (the “**Regulations on VAT**”), which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the MOF, came into effect on December 25, 1993 and latest amended on October 28, 2011, all the taxpayers engaged in sales of goods or provision of processing, repair and maintenance labor or import of goods in China shall be subject to value-added tax. Unless specified by the Regulations on VAT, for the sales or import of goods by general taxpayers, the VAT rate shall be 17%; for provision of processing, repair and maintenance labor by taxpayers, the VAT rate shall be 17%; for export of goods by taxpayers, the VAT rate shall be nil, unless otherwise provided.

Pursuant to Notice on Implementing the Pilot Reform for Transition from Business Tax to Value-added Tax Nationwide (Cai Shui [2016] No. 36) issued by the MOF and SAT (《關於全面推開營業稅改徵增值稅試點的通知》) (財稅[2016]36號) promulgated on March 23, 2016, the pilot reform for the transition from business tax to VAT is implemented nationwide, and the financial industry is included in such pilot and is required to pay VAT instead of business tax. Pursuant to the Implementation Measures for Transition from Business Tax to Value-added Tax (《營業稅改徵增值稅試點實施辦法》), unless otherwise provided in the implementation measures.

According to the Circular of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which was issued on April 4, 2018 and came into effect on May 1, 2018, where a tax payer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable reduced 17% and 11% tax rates are adjusted to be 16% and 10%, respectively. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Deepening Policies in relation to Value-added Tax Reform (《財政部、稅務總局及海關總署關於深化增值稅改革有關政策的公告》) which was promulgated on March 20, 2019 and became effective on April 1, 2019, the VAT rates are reduced to 13% and 9%, respectively.

On December 25, 2024, the SCNPC published the PRC Value-Added Tax Law (《中華人民共和國增值稅法》), which will come into effect on January 1, 2026, replacing the Provisional Regulations of the PRC on Value-Added Tax. The new law reaffirms the provisions of the Provisional Regulations of the PRC on Value-Added Tax and make changes in the areas of taxable acts, tax jurisdiction, deemed sales, non-taxable items, simplified taxation, withholding agents, input taxes, non-creditable input taxes, mixed sales, and input credit carry-forward and refund.

FOREIGN EXCHANGE POLICIES OF THE PRC

Renminbi is the legal currency of the PRC and is currently subject to foreign exchange regulatory procedures and cannot be freely inverted into foreign currency. The State Administration of Foreign Exchange (“SAFE”) under the People’s Bank of China is responsible for all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Under the Foreign Exchange Administration Regulation of the PRC (《中華人民共和國外匯管理條例》) issued by the State Council on January 29, 1996 and effective from April 1, 1996, all

international payments and transfers are classified into current items and capital items. Approval by the foreign exchange authorities is not required for most current items, but required for capital items. According to the Foreign Exchange Administration Regulation of the PRC amended on January 14, 1997 and August 1, 2008, the state does not impose restrictions on current international payments and transfers.

Under the Administrative Regulations on Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》) issued by the People's Bank of China on June 20, 1996 and implemented from July 1, 1996, the existing restrictions on foreign exchange transactions under capital items are retained, while the remaining restrictions on foreign exchange conversion for current items are abolished.

According to the Announcement on Reforming the Renminbi Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) issued by the People's Bank of China on July 21, 2005 and effective from the same date, from July 21, 2005 onwards, China has implemented a floating exchange rate system with management and regulation based on market supply and demand and with reference to a basket of currencies. As a result, Renminbi exchange rates are no longer pegged to USD. The People's Bank of China publishes the closing prices of the exchange rates of Renminbi against USD and other currencies in the interbank foreign exchange market after the market closes on each working day, which serves as the mid-price for the currency's transactions against Renminbi on the following working day.

On August 5, 2008, the State Council promulgated the amended Foreign Exchange Administration Regulation of the PRC, with significant changes to China's foreign exchange regulatory system. Firstly, balanced treatment has been adopted for foreign exchange inflows and outflows. Foreign exchange earnings from overseas may be transferred back to the PRC or deposited abroad, and foreign exchange and settlement funds under capital items may only be used for the purposes approved by competent authorities and foreign exchange control authorities. Secondly, it has improved the Renminbi exchange rate formation mechanism based on market supply and demand. Thirdly, when there is or appears to be a serious imbalance in international balance of payments or when there is or appears to be a serious crisis in the national economy, the state can take necessary safeguard and regulatory measures on international balance of payments. Fourthly, it has strengthened the supervision and management of foreign exchange transactions and granted extensive powers to the SAFE to enhance its supervision and management capabilities.

According to relevant PRC laws and regulations, Chinese enterprises (including foreign-invested enterprises) requiring foreign exchange for current account transactions may, without the approval of foreign exchange authorities, make payments through foreign exchange accounts opened at designated foreign exchange banks, provided that valid receipts or vouchers for the transactions are produced. Foreign-invested enterprises that need to distribute profits in foreign currency to their shareholders and Chinese enterprises that need to pay dividends in foreign currency to their shareholders may make payments from foreign exchange accounts at designated foreign exchange banks or exchange and pay at such banks in accordance with the decision of the board of directors or the shareholders' general meeting on the distribution of profits.

Pursuant to the Decision of the State Council on Canceling and Adjusting a Range of Administrative Approval Items and Other Matters (Guo Fa [2014] No.50) (《國務院關於取消和調整一批行政審批項目等事項的決定》(國發[2014]50號)) issued by the State Council on October 23, 2014 and effective

from the same date, the requirement has been canceled for the SAFE and its branches to approve the repatriation and settlement of foreign exchange proceeds raised by overseas listed foreign shares.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration Involved in Overseas Listing (Hui Fa [2014] No.54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) issued by the SAFE on December 26, 2014 and effective from the same date, a domestic company shall register its overseas listing with the local branch of the State Administration of Foreign Exchange within 15 working days from the date of completion of overseas listing. Funds raised by a domestic company from overseas listing may be transferred back or deposited overseas, and the use of the funds shall be consistent with those set out in the document and other disclosure documents.

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 (Hui Fa [2015] No.13) (《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》(匯發[2015]13號)) issued by the SAFE on February 13, 2015, implemented from June 1, 2015 and amended on December 30, 2019, two administrative approvals have been canceled, namely foreign exchange registration under domestic direct investment and that under overseas direct investment, which will be directly reviewed and approved by banks. The SAFE and its branches exercise indirect supervision over the foreign exchange registration of direct investment through banks.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No.16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》(匯發[2016]16號)) issued by the SAFE on June 9, 2016 and implemented from the same date, the relevant policies have explicitly stated that the foreign exchange income from capital items (including foreign exchange capital funds, foreign debt funds, funds transferred back from overseas listings, etc.) which are subject to voluntary settlement can be settled at banks according to the particular needs of domestic institutions. The ratio of voluntary settlement of foreign exchange earnings from capital items of domestic institutions is temporarily set at 100%, which is subject to adjustment by the SAFE according to international balance of payments.

According to the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (Hui Fa [2017] No.3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) issued by the SAFE on January 26, 2017 and implemented from the same date, the scope of domestic foreign exchange loan settlement is further expanded to allow domestic foreign exchange loans with the background of commodity trade and exports to be settled, allow funds under domestic guarantee and foreign loans to be transferred back, allow foreign exchange settlement via the foreign exchange accounts of foreign institutions in pilot free trade zones, and implement full-coverage overseas lending management in both Renminbi and foreign currencies; where a domestic institution engages in overseas lending, the combined balance of foreign exchange lending in Renminbi and foreign currencies shall not exceed a maximum of 30% of the owner's equity in the audited financial statements of the preceding year.

According to the Notice on Further Facilitating Cross-border Trade and Investment (Hui Fa [2019] No.28) (《關於進一步促進跨境貿易投資便利化的通知》(匯發[2019]28號)) issued by the SAFE on

October 23, 2019 and implemented from the same date, restrictions have been removed on the use of capital funds by non-investment foreign-invested enterprises for domestic equity investment. In addition, restrictions have also been removed on the use of funds in domestic asset realization accounts for foreign exchange settlement and the use of security deposits for foreign exchange settlement by foreign investors. Eligible enterprises in pilot areas are allowed to use capital funds, foreign debt, overseas listings and other income under capital items for domestic payments without providing the banks with proofs of authenticity in advance, and their use of funds should be genuine and compliant with the current regulations governing the use of income from capital items.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which no Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application of a grant of representation in respect of holders of H Shares whose deaths occur on or after February 11, 2006.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “**Constitution**”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of ministries of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “**Legislation Law**”), the National People’s Congress (the “**NPC**”) and the Standing Committee of the National People’s Congress (the “**SCNPC**”) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC. During the adjournment of the NPC, partial supplement and amendment shall be made to the laws as formulated by the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas. These local regulations shall comply with the Constitution, laws and administrative regulations. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection, and historical and cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provisions of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. Where the laws provide otherwise on the matters concerning the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations by cities divided into districts shall become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions shall examine the legality of the local regulations submitted for approval. Such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions concerned, a decision shall be made by the standing committees of the people’s congresses of provinces or autonomous regions for resolution. The people’s congresses of national autonomous areas shall have the power to formulate autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People’s Bank of China, the National Audit Office of the PRC and the subordinate institutions with administrative functions directly under

the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, as well as the decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate their rules and regulations based on the laws, administrative regulations and local regulations of relevant provinces, autonomous regions and municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities with districts and autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or abrogate any inappropriate laws enacted by its standing committee, and to abrogate any autonomous regulations and separate regulations as approved by its standing committee which contravene the Constitution or the Legislation Law. The SCNPC has the power to abrogate any administrative regulations that contravene the Constitution or laws, to abrogate any local regulations that contravene the Constitution, laws or administrative regulations, and to abrogate any autonomous regulations and local regulations which have been approved by the SCNPC of the relevant provinces, autonomous regions or municipalities directly under the central government, but contravene the Constitution or the Legislation Law. The State Council has the power to alter or abrogate any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or abrogate any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or abrogate any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret the laws is vested in the SCNPC. According to the Resolution of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981. If the scope prescribed by laws needs to be further defined or supplementary provisions are needed, the SCNPC shall interpret them or make provisions. Issues involving the specific application of laws in the trial work of the court shall be interpreted by the Supreme People's Court. Issues involving the specific application of laws in the procuratorial work of the procuratorate shall be interpreted by the Supreme People's Procuratorate. If there are principled differences in the interpretation of the Supreme People's Court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision. Issues that do not involve the specific application of laws in judicial and procuratorial work shall be interpreted by the State Council and the competent departments. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and ministerial rules which they have promulgated. At the regional level, the power to give interpretation of the local laws is vested in the regional legislative and administrative organs which promulgate such law.

PRC JUDICIAL SYSTEM

Under the Constitution and the PRC Law on the Organization of the People's Courts (2018 revision) (《中華人民共和國人民法院組織法》(2018年修訂)), the PRC judicial system is made up of the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

Local people's courts are divided into primary people's court, intermediate people's court and high people's court. High people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial organ in the PRC. It supervises the judicial work of the people's courts at all levels.

A people's court adopts the system in which the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance at a people's court are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The People's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the People's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if any errors are identified in a legally effective judgment, ruling or mediation statement of the people's court at any level by the Supreme People's Court, or if such errors are identified in a legally effective judgment, ruling or mediation statement of the people's court at a lower level by the people's court at a higher level, the Supreme People's Court or the people's court at a higher level has the authority to review the case itself or to refer to the people's court at a lower level to conduct a retrial. If such errors are identified in a legally effective judgment, ruling or mediation statement by the chief judge of all levels of the people's courts, and they consider a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “**Civil Procedure Law**”), which was last amended by the SCNPC on December 24, 2021 and became effective on January 1, 2022, prescribes the conditions for instituting a civil action, the jurisdiction of a people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC shall comply with the Civil Procedure Law. A civil case is generally heard at the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at the place directly associated with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the place where the subject matter of the action is located. However, such choice shall not in any circumstances contravene the regulations of hierarchical jurisdiction and exclusive jurisdiction.

A foreign individual, a person without a nationality, a foreign enterprise or organization is given the same litigation rights and obligations as a citizen and legal person of the PRC. Should a foreign court limit the litigation rights of a PRC citizen and enterprise, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person

without nationality, a foreign enterprise or organization must engage a PRC lawyer if they need to engage a lawyer for the purpose of initiating an action or defending against litigation at a PRC court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a PRC people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence, and conduct other actions on its behalf. A PRC people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or social and public interests of the PRC.

A party shall comply with a law-binding civil judgment or ruling, if any party to a civil action refuses to comply with a judgment or ruling made by a people's court or an award made by an arbitration panel in the PRC, the other party may apply to the people's court for the enforcement of the same within two years. However, they may apply for an extension for the enforcement or revocation. If such party fails to satisfy a judgment as enforced and permitted by the court within the stipulated time, the court may, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people's court against another party who is not personally or whose property is not within the PRC may apply to a foreign court with the jurisdiction over the case for recognition and enforcement of such judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by a PRC people's court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court believes that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or national security or against its social and public interests.

THE PRC COMPANY LAW, THE OVERSEAS LISTING REGULATIONS, AND THE GUIDELINES

A company limited by shares which is incorporated in the PRC and listed on the Stock Exchange is mainly subject to the following laws and regulations in the PRC:

- 1) The PRC Company Law (《中華人民共和國公司法》), which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, and December 28, 2013, respectively, and the latest amendment had been implemented since October 26, 2018. On December 29, 2023, the SCNPC published the amended PRC Company Law, which came into effect on July 1, 2024;
- 2) The 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》) (the “**Overseas Listing Regulations**”), which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable to the overseas offering and listing of PRC domestic companies;
- 3) The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines**”), which were issued by the CSRC on December 16, 1997, latest revised December 15, 2023 and came into effect on the same date, providing the guidelines for the Articles of Association.

Below sets out a summary of the major provisions of the PRC Company Law, the Overseas Listing Regulations and the Guidelines applicable to the Company:

General Provisions

A joint stock limited company is an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the shares they hold, and the company's liability to its creditors is limited to its total assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies, with liabilities limited to the amount invested. If a law prescribes that a company shall not become a capital contributor bearing joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by initiation or fundraising. A joint stock limited company shall be incorporated by 1 to 200 initiators, provided that at least more than half of the initiators must reside in the PRC. Where a joint stock limited company is to be established by means of initiation, initiators shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association. If a joint stock limited company is to be established by means of fundraising, the initiators shall subscribe to not less than 35% of the total shares to be issued at the time of the establishment of the company as provided for in the Articles of Association; however, unless otherwise provided by laws or administrative regulations.

A prospectus and subscription letter shall be prepared when the initiators offer shares to the public. The subscribers shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the subscribed shares. Where an initiator is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A initiator offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the initiators fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the initiators for refund of the payment for shares plus the interest on the bank deposits for the same term. The initiators and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the initiators fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The Board of Directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's initiator shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The initiators may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder's meeting. The Articles of Association or the shareholders' meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the Board of Directors is authorized and decides to issue shares and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders' meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

- (I) the company shall prepare a balance sheet and an inventory of properties;
- (II) make a resolution at a shareholders' meeting to reduce the registered capital;
- (III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;
- (IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and
- (V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders' meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors, supervisors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

- (I) reduction of the registered capital of the company;
- (II) merger with another company that holds its shares;

- (III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;
- (IV) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company;
- (V) use of shares for conversion of convertible corporate bonds issued by the listed company; and
- (VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

Any director, supervisor or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensations.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should affect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by

the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the security's regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

- (I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;
- (II) to petition the people's court to revoke any resolution of a shareholders' meeting, a shareholders' meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution;
- (III) to transfer his/her shares legally;
- (IV) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights;

- (V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders' meeting, board resolutions, resolutions of the Board of Supervisors and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;
- (VI) to receive dividends in respect of the number of shares held;
- (VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and
- (VIII) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

- (I) to elect or replace the directors and supervisors and to decide on their remunerations;
- (II) to consider and approve the reports of the Board of Directors;
- (III) to consider and approve the reports of the Board of Supervisors;
- (IV) to consider and approve the company's profit distribution and loss recovery proposals;
- (V) to decide on any increase or reduction of the company's registered capital;
- (VI) to decide on the issue of corporate bonds;
- (VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;
- (VIII) to amend the Articles of Association of the company; and
- (IX) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

- (I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;
- (II) the total outstanding losses of the company amounted to one-third of the company's total capital stock;

- (III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting;
- (IV) the Board of Directors deems necessary;
- (V) the Board of Supervisors so proposes; or
- (VI) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the Board of Directors and the Board of Supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the interim shareholders' meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder's meeting for deliberation, unless the interim 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 shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors and supervisors at the shareholders' meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elects directors or supervisors, each share has the same voting rights as the number of directors or supervisors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder's meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees' representative of the company. Where a company has 300 or more employees, the Board of Directors shall include the employees' representatives of the company unless the Board of Supervisors has been established and includes employees' representatives of the company. The employees' representatives in the Board of Directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

- (I) to convene shareholders' meeting and report on its work to the shareholders' meeting;
- (II) to implement the resolutions passed by the shareholders at the shareholders' meeting;
- (III) to decide on the Company's operational plans and investment proposals;
- (IV) to formulate the Company's proposals for profit distribution and for recovery of losses;
- (V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;
- (VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;

- (VII) to decide on the setup of the Company's internal management organs;
- (VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;
- (IX) to formulate the Company's basic management system; and
- (X) other authority stipulated in the Articles of Association or granted by the shareholders' meeting.

Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Supervisors 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Board of Supervisors. The chairman shall convene the meeting within 10 days of receiving such proposal and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious

loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following person may not serve as a director of the company:

- (I) devoid of or with restricted civil conduct ability;
- (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;
- (III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;
- (IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and
- (V) being listed as a dishonest person subject to enforcement by the people's court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over the board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

Board of Supervisors

A joint stock limited company shall have a Board of Supervisors composed of three members or more. However, a joint stock limited company (i) with a relatively small scale or relatively small

number of shareholders may dispense with the Board of Supervisors, but may have one supervisor, who shall exercise the functions and powers of the Board of Supervisors, and (ii) may not have a Board of Supervisors or supervisors if it sets up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the Articles of Association. Representatives of the Company's staff at the Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise.

The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors. The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the Board of Supervisors meeting.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The Board of Supervisors may exercise its powers:

- (I) to review the company's financial position;
- (II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meeting;
- (III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;
- (IV) to propose the convening of extraordinary shareholders' meeting and to convene and preside over shareholders' meeting when the board fails to perform the duty of convening and presiding over shareholders' meeting under the PRC Company Law;
- (V) to submit proposals to the shareholders' meeting;
- (VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and
- (VII) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meeting and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors, supervisors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors, supervisors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors, supervisors and senior management are prohibited from:

- (I) embezzling the property or misappropriating the funds of the company;
- (II) depositing company funds into accounts under their own names or the names of other individuals;
- (III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;
- (IV) accept commissions from transactions between others and the company for their own benefits;
- (V) unauthorized divulgence of confidential information of the company; and
- (VI) other acts in violation of their duty of loyalty to the company.

A director, supervisor or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. The Board of Supervisors may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Board of Supervisors, none of them may impede the exercise of powers by the Board of Supervisors or supervisors.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Board of Supervisors to initiate proceedings in the people's court.

Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the shareholder(s) may request in writing that the Board of Directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

If a director, supervisor or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Board of Supervisors or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and

accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholder's meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors or the Board of Supervisors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors or the Board of Supervisors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or misrepresentation of information.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholder's meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

Dissolution and Liquidation

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

- (I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;
- (II) the shareholders' meeting has resolved to dissolve the company;
- (III) the company is dissolved by reason of its merger or division;
- (IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or
- (V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation committee may exercise following powers during the liquidation:

- (I) to verify the Company's assets and to prepare a balance sheet and an inventory of assets;
- (II) to inform creditors by notice or announcement;
- (III) to deal with and settle any outstanding business of relevant company;
- (IV) to pay all outstanding taxes and the taxes arising during the liquidation process;
- (V) to settle claims and debts;
- (VI) to distribute the company's remaining assets after its debts have been paid off; and
- (VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor's claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

Pursuant to the Overseas Listing Regulations, where an issuer applies for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's

court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered by the company with creditors in respect of the settlement of debts prior to division.

SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a series of regulations in relation to issuance and trading of a company's shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC, and administering CSRC. CSRC is the regulatory arm of the Securities Committee and is responsible for drafting regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, managing the trading of securities, preparing securities-related statistics and conducting relevant research and analysis. The State Council dissolved its Securities Committee and its duties were assumed by CSRC in 1998.

The Securities Law came into effect on July 1, 1999, and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, and the last revised Securities Law was implemented on March 1, 2020. The Securities Law is the first volume of national securities law in the PRC to fully regulate the activities in securities market in the PRC. It is divided into 14 chapters and 226 articles covering the issuance and trading of securities, the takeovers of listed companies, and the duties and responsibilities of stock exchanges, securities companies, securities registration and clearing institutions, and securities regulatory and administration authorities. Article 224 of the Securities Law provides that a domestic enterprise shall satisfy the relevant requirements set out by the State Council when they issue or list securities outside the PRC directly or indirectly. Currently, the issuance and trading of shares (including H Shares) outside the PRC are governed by the regulations and rules promulgated by the State Council and CSRC.

ARBITRATION AND ENFORCEMENT OF AN ARBITRAL AWARD

The Arbitration Law of the PRC (2017 Amendment) (the “**Arbitration Law**”) was enacted by the SCNPC on August 31, 1994, and came into effect on September 1, 1995, and was last amended on September 1, 2017 and implemented on January 1, 2018. It is applicable to the disputes relating to contracts and other properties in which the involved parties have entered into a written agreement to resolve the disputes by arbitration of an arbitration committee constituted in accordance with the Arbitration Law. The Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration provisions in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have reached an arbitration agreement, a people’s court will refuse to handle a legal proceeding initiated by one party made to such people’s court, unless the arbitration agreement is invalid.

The Hong Kong Listing Rules requires that arbitration clauses shall be included in the articles of association of a company listed in Hong Kong, and the Hong Kong Listing Rules also require that arbitration clauses shall be included in contracts between the company and each of the directors or supervisors, such that in case of occurrence of any dispute or claim among the following parties, such dispute or claim shall refer to arbitration: (1) a holder of H Shares and a company; (2) a holder of H Shares and a holder of domestic shares; (3) a holder of H Shares and directors, supervisors or other management personnel of a company, which are disputes or rights of assertion in relation to the affairs of the company arising from rights and obligations as provided in the articles of association, the PRC Company Law and other relevant laws and administrative regulations concerning the affairs of the company.

Such parties may elect to refer such disputes or rights of assertion to arbitration at the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Center. Disputes as defined by such shareholder and the disputes in relation to the company’s register do not necessarily resolve by arbitration. If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Center, then either party may apply to have such arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award shall be final. Once an arbitral award is made, an arbitration committee or a people’s court will refuse to accept the application for arbitration or prosecution filed to the people’s court by a party regarding the same dispute. If either party fails to comply with the arbitral award, the other party to the award may apply to the people’s court to enforce such arbitration award. However, the people’s court may refuse to enforce an arbitral award made by the arbitration committee if there is a violation of the arbitration of procedures, including but not limited to the violation in the composition of the arbitration tribunal, or that matter of arbitration does not fall into the scope of the arbitration agreement, or that the arbitration committee is not entitled to carry out the arbitration.

Corporate Existence

According to the PRC Company Law, a joint stock limited company may be incorporated by initiation or fundraising.

Share Capital

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange.

According to the PRC Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, the Unlisted Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect or Shenzhen- Hong Kong Stock Connect.

According to the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors, supervisors and senior management of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Notice of Shareholders' Meeting

According to the PRC Company Law, notice of annual shareholder's meeting must be given not less than 20 days before the meeting, while notice of an interim shareholders' meeting must be given not less than 15 days before the meeting.

Quorum for Shareholder's meeting

The PRC Company Law does not specify any quorum requirement for a shareholder's meeting.

Voting at Shareholder's meeting

According to the PRC Company Law, a resolution made by the shareholders' meeting shall be adopted by the shareholders representing more than half of the voting rights.

A resolution made by the shareholders' meeting on modifying the articles of association, increasing or decreasing the registered capital, as well as merger, division, dissolution or change of corporate form of the company shall be adopted by the shareholders representing more than two thirds of the voting rights.

Variation of Class Rights

According to the PRC Company Law, where any of the matters occurs to a company that issues classified shares and may affect the rights of the classified shareholders, it shall not only be decided by the shareholders' meeting but also be adopted by shareholders representing two thirds of the voting rights who are present at the classified shareholders' meeting.

Directors

According to the PRC Company Law, where any director directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors, or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, concludes a contract or conducts a transaction with the company, the aforesaid provisions shall apply. Where a director is removed prior to the expiration of term of office without any justifiable reason, the director may require the company to make compensation.

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Board of Supervisors

According to the PRC Company Law, if a joint stock limited company has a board of supervisors, the directors and senior management of the company are subject to the supervision of the board of supervisors.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director, supervisor or senior management violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. If the supervisors violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not

initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors and supervisors of the company in default.

Protection of Minorities

The PRC Company Law provides that where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to act against directors and supervisors of the company in default.

Financial Disclosure

According to the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' meeting. In addition, a joint stock limited company of which the public offering Shares are offered should publish its financial report.

According to the PRC Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the Articles of Association, minutes of the shareholders' meeting, resolutions of meetings of the board of directors or board of supervisors, and financial and accounting reports.

Corporate Reorganization

According to the PRC Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders at shareholder's meeting.

Statutory Deductions

According to the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting.

Remedies of Company

According to the PRC Company Law, if a director, supervisor or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or senior management should be responsible to the company for such damages.

Dividend

Under the PRC Company Law, the residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, supervisors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the security's regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

This Appendix contains the summary of the principal provisions of the Articles of Association adopted by our Company on June 25, 2023. The Articles of Association of the Company shall take effect on the date of the H Shares being listed on the Stock Exchange. The main purpose of this Appendix is to provide an overview of the Company's Articles of Association for potential investors, so it may not contain all the information of importance to potential investors. The Articles of Association is available for inspection in the section headed "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display".

1. SHARES, REGISTERED CAPITAL AND TRANSFER OF SHARES

The Company's stock takes the form of Shares. The par value of each Share issued by the Company is RMB1.

The shares of the Company shall be issued in accordance with the principles of open, fairness and justice. Each share of the same class shall have the same rights. Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the Shares it/he/she subscribes for.

Unless otherwise specified in relevant laws, administrative regulations and by the listing rules of the place where the Company's Shares are listed, the paid-up shares of the Company can be freely transferred in accordance with relevant laws and are not subject to any lien. The transfer of shares shall be registered with the stock registration institution entrusted by the Company.

The Company does not accept Shares as the subject of pledges.

The Shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The Shares of the Company issued prior to the public offer shall not be transferred within one year from the date when the Company's Shares are listed for trading on a stock exchange.

The Directors, Supervisors and senior management of the Company shall declare to the Company the number of Shares held by them and the alternation of such Shares. During their term of office, they shall not transfer more than 25% of the Company's Shares held by them within one year, or shall not transfer any Shares of the Company within one year from the date when the Company's Shares are listed for trading. The aforesaid personnel shall not transfer any Share held by them within six months of their resignation. Where there are any transfer restriction involving H Shares under the listing rules of the place where the Company's Shares are listed, the provisions under such listing rules shall apply.

The Company or its subsidiaries shall not provide any financial assistance in the form of donation, advancement, guarantee, compensation, loan or otherwise to investors or prospective investors of the Shares of the Company.

2. INCREASE AND DECREASE OF SHARES AND REPURCHASE OF SHARES

(1) Increase of Capital

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with relevant laws and administrative regulations and subject to relevant

requirements of the Article of Association and a resolution of the general meeting, by any of the following methods:

- (i) a public offering of shares;
- (ii) allotment of new shares to investors in private placements;
- (iii) allotment of bonus shares to existing shareholders;
- (iv) conversion of capital reserve to share capital; or
- (v) other methods permitted by laws and administrative regulations and approved by relevant authorities.

(2) Reduction of Capital

The Company may decrease its registered capital. If the Company decreases its registered capital, it shall undertake relevant procedures in accordance with the Company Law, other relevant administrative regulations and the Articles of Association.

(3) Repurchase of Shares

The Company shall not repurchase its Shares except for the following circumstances:

- (i) to decrease the registered capital of the Company;
- (ii) to merge with other companies that hold shares in the Company;
- (iii) to issue Shares for employee shareholding schemes or as share incentives;
- (iv) to request the Company to acquire the Shares from shareholders who have voted against the resolutions adopted at a general meeting of Shareholders on the merger or division of the Company;
- (v) to satisfy the conversion of the convertible corporate bonds issued by the Company with Shares;
- (vi) to safeguard corporate value and Shareholders' equity as the Company deems necessary; or
- (vii) other circumstances permitted by relevant laws, administrative regulations and the listing rules of the place where the Company's Shares are listed.

The Company repurchasing its own Shares under any of the circumstances set forth in (i) and (ii) of above shall be approved by the general meeting; and the Company repurchasing its own Shares under any of the circumstances set forth in (iii), (v) and (vi) above may be approved by more than two-thirds of Directors present at a Board meeting pursuant to the Articles of Association or the authorization of the general meeting.

After repurchasing its own Shares pursuant to the provisions of the preceding paragraph, the Company shall, under the circumstance set forth in (i) above, cancel such Shares within 10 days after the purchase; while under the circumstance set forth in (ii) or (iv) above, the Company shall transfer or cancel such Shares within six months; while under the circumstance set forth in (iii), (v) and (vi) above, the Company shall not hold more than 10% of the outstanding Shares of the Company, and shall transfer or cancel such Shares within three years.

3. REGISTER OF MEMBERS

The Company shall have a register of members in accordance with the certificates provided by the securities registration institution. The register of members shall be the sufficient evidence of the holding of Shares in the Company by a Shareholder.

The Company may, in accordance with the mutual understanding and agreements made between the PRC securities regulatory authorities and overseas securities regulatory authorities, keep its register of holders of overseas-listed foreign shares outside of the PRC and appoint overseas agent(s) to maintain such register. The original register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares at its place of domicile. The designated overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign shares at all times. If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign shares, the original version shall prevail.

The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (i) the register of members which is maintained at the Company's place of domicile (other than those registers set forth in paragraphs (ii) and (iii) of this Article);
- (ii) the register of members in respect of the holders of overseas-listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (iii) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purpose of listing of the Company's shares.

When the Company intends to convene a general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board of Directors or the convenor of a general meeting shall determine a specific date as equity determination date. The registered shareholders after the market close of the equity determination date shall be the shareholders entitled to the relevant rights and interests.

4. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

Shareholders shall enjoy rights and assume obligations according to the class of Shares held by them. Shareholders holding the same class of Shares shall enjoy equal rights and assume the same obligations.

Where the shareholder of the Company is a legal person, its legal representative or a person authorized by the legal representative shall exercise its rights on its behalf.

Shareholders of ordinary shares of the Company shall enjoy the following rights:

- (i) to receive dividends and other forms of profit distribution in proportion to the number of Shares held by them;
- (ii) to request, convene, host, attend or appoint proxies to attend general meetings and exercise voting rights based on the number of the Shares held by them in accordance with laws;

- (iii) to supervise the operation of the Company and to make proposals or raise inquiries;
- (iv) to transfer, bestow, or pledge the Shares held by them in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association;
- (v) to check the Articles of Association, the registers of shareholders, the corporate bond counterfoils, minutes of the general meetings, resolutions of meetings of the Board of Directors and the Supervisory Committee and financial statements.
- (vi) in the event of the termination or liquidation of the Company, to participate in the distribution of the residual property of the Company in proportion to the number of Shares held;
- (vii) to demand the Company to repurchase their Shares (for Shareholders who disagree with the resolutions adopted at a general meeting in relation to the merger or division of the Company); and
- (viii) to have other rights conferred in accordance with relevant laws, administrative regulations, rules, the listing rules of the place where the Company's Shares are listed or the Articles of Association.

Shareholders of ordinary shares of the Company shall have the following obligations:

- (i) to comply with laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association;
- (ii) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (iii) not to withdraw Shares unless otherwise prescribed in laws and administrative regulations;
- (iv) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors; and
- (v) to assume other obligations required by laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

Any shareholder who abuses shareholders' rights and causes the Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

Shareholders shall not be liable to make any further contributions to the share capital other than those contributions made in accordance with the terms agreed by the subscribers at the time of share subscription.

5. GENERAL MEETING

(1) General Rules for the General Meeting

The general meeting is the governing body of the Company and may exercise the following functions and powers:

- (i) to decide on the operating policies and investment plans of the Company;

- (ii) to elect and remove directors or supervisors respectively other than a director or supervisor who is an employee representative; and to decide matters relating to their remuneration;
- (iii) to review and approve reports of the Board of Directors;
- (iv) to review and approve reports of the Supervisory Committee;
- (v) to review and approve the annual financial budgets and final accounts of the Company;
- (vi) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (vii) to adopt resolutions on the increase or decrease of the registered capital of the Company;
- (viii) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (ix) to adopt resolutions on the issuance of corporate bonds or other securities and listing of such bonds or securities;
- (x) to adopt resolutions on the engagement, renewal or non-renewal, or change of accounting firms by the Company;
- (xi) to amend the Articles of Association;
- (xii) to review and approve the guarantee matters specified in the following Article;
- (xiii) to review and approve the purchase or the sale of assets by the Company within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (xiv) to review and approve the changes in the use of proceeds;
- (xv) to review the equity incentive scheme and employee shareholding plan; and
- (xvi) to review other matters that required to be resolved by the general meeting as prescribed by relevant laws, administrative regulations, rules, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

The following external guarantees to be provided by the Company shall be approved by shareholders at the general meeting:

- (i) any provision of guarantee, where the total amount of external guarantees provided by the Company and its subsidiaries exceeds 50% of the latest audited net assets of the Company;
- (ii) any guarantee provided by the Company after the aggregate amount of guarantee exceeds 30% of the latest audited total assets of the Company;
- (iii) any guarantee, the amount of which on a cumulative basis for twelve consecutive months, exceeds of 30% of the latest audited total assets of the Company;
- (iv) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (v) provision of a single guarantee the amount of which exceeds 10% of the latest audited net assets;
- (vi) provision of guarantee to Shareholders, actual controllers and their connected parties.

General meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and shall be held within six months after the end of the preceding fiscal year.

The Board shall convene an extraordinary general meeting within two months upon the occurrence of any of the following events:

- (i) when the number of Directors is less than the minimum number required by the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) when the unrecovered losses of the Company have reached one-third of the Company's total amount of paid-up share capital;
- (iii) when Shareholders who individually or jointly holding more than 10% of the Company's Shares with voting rights request in writing to convene an extraordinary general meeting;
- (iv) when the Board of Directors deems it necessary to convene the meeting;
- (v) when the Supervisory Committee proposes to convene a meeting;
- (vi) when two or more independent directors proposes to hold a meeting; or
- (vii) any other circumstances as specified by relevant laws, administrative regulations, rules, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

(2) Proposal and Convening of General Meetings

Independent directors shall be entitled to make a proposal to the Board of Directors on convening an extraordinary general meeting. The Board of Directors shall give a written reply on whether it agrees to convene such meeting within 10 days upon receipt of the proposal in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall serve a general meeting notice within 5 days after the date of the resolution of the Board of Directors; where the Board of Directors declines to convene an extraordinary general meeting, it shall give the reasons and make an announcement.

The Supervisory Committee shall be entitled to make a proposal in writing to the Board of Directors on convening an extraordinary general meeting. The Board of Directors shall give a written reply on whether it agrees to convene such meeting within 10 days upon receipt of the proposal in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of convening the general meeting within 5 days after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the Supervisory Committee.

Where the Board of Directors disagrees to convene such a meeting, or fails to reply within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors cannot or does not perform its duty of convening the general meeting, and the Supervisory Committee may convene and preside over it by itself.

Shareholder(s) individually or in aggregate holding more than 10% of Shares (on a "one Share one vote" basis) with voting rights of the Company are entitled to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall, in accordance with

the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the relevant Shareholders.

Where the Board of Directors disagrees to convene the extraordinary general meeting, or does not reply within 10 days upon receipt of the proposal, Shareholders individually or in aggregate holding more than 10% of the Shares of the Company are entitled to request the Supervisory Committee in writing to convene an extraordinary general meeting.

Where the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days upon receiving the request. Any changes made to the original proposal in the notice shall be agreed by the relevant Shareholders.

If the Supervisory Committee fails to issue a notice of general meeting within the prescribed time limit, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting, and Shareholders holding individually or in aggregate more than 10% of the Shares of the Company for more than 90 consecutive days can convene and preside over the general meeting by themselves.

Where the Supervisory Committee or Shareholders decide to convene a general meeting on their own, they must notify the Board of Directors in writing. Before the announcement of the resolution of the general meeting is made, the Shareholders convening the meeting shall hold no less than 10% of the Shares.

(3) Proposals of General Meetings

When the Company holds a general meeting, the Board of Directors, the Supervisory Committee and Shareholders individually or jointly holding no less than 3% of the Shares with voting rights of the Company shall have the right to make proposals to the Company.

A shareholder individually or shareholders jointly holding no less than 3% of the Shares with voting rights of the Company may submit extempore motions in writing to the convenor 10 days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting and make a public announcement of the contents of such extempore motion within 2 days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such extempore motion shall fall within the authority of general meetings, with definite topics to discuss and specific matters to resolve.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

(4) Notices of General Meetings

Where a general meeting is convened by the Company, it shall issue a notice 20 days prior to the convening of the annual general meeting or 15 days prior to the convening of the extraordinary

general meeting to notify shareholders. When calculating the starting date, the date of the meeting shall be excluded. The notice shall be issued in writing, and include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that shareholders are entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing.

Notice of general meeting shall be served to all shareholders (whether they have voting right at general meeting or not) either by hand or by post in a prepaid mail, addressed to each shareholder at his/her/its registered address as shown in the register of members, or by public announcement. For holders of domestic Shares, the notice of a general meeting may also be given by public announcement.

(5) Convening of General Meetings

All the shareholders registered on the date of equity registration or their agents shall be entitled to attend the general meeting and exercise his/her voting right in accordance with relevant laws, administrative regulations, the listing rules of the place where the company's Shares are listed and the Articles of Association. Any Shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or more persons (who may not be a shareholder) as his/her proxies to attend, speak and vote on his/her behalf.

The chairman of the Board of Directors shall convene a general meeting and serve as the chairman of the meeting. If the chairman of the Board of Directors fails or is unable to perform his/her duties, the meeting shall be convened and presided by the vice chairman (or if the Company has two or more vice-chairmen, the one jointly elected by an absolute majority of directors shall convene and preside) of the board of directors, if the Company does not have a vice chairman or the vice chairman of the Board of Directors fails or is unable to perform his/her duties, the meeting shall be convened and presided over by the director jointly elected by more than half of the Directors.

If the Board of Directors fails or is unable to perform its duty to convene the general meeting, the Supervisory Committee shall convene and preside the general meeting. If the chairman of the Supervisory Committee is unable or fails to perform such duties, the vice chairman shall preside over the meeting. If the vice chairman is unable or fails to perform such duties, a supervisor jointly elected by more than half of Supervisors shall preside over the meeting.

(6) Voting and Resolutions of General Meeting

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by more than half of the voting rights of the shareholders (including proxies) present at the meeting. Special resolution at a general meeting shall be adopted by no less than two-thirds of the voting rights of the shareholders (including proxies) present at the meeting.

Shareholders (including proxies) shall exercise their voting rights according to the number of Shares with voting rights they represent, with one vote for each share. Shares in the Company which are held by the Company do not have any voting rights, and shall not be counted in the total number of Shares with voting rights represented by shareholders present at a general meeting.

The following matters shall be adopted by ordinary resolutions at the general meeting:

- (i) the work reports of the Board of Directors and the Supervisory Committee;

- (ii) the profit distribution and loss recovery plans proposed by the Board of Directors;
- (iii) the election and removal of the members of the Board of Directors and the Supervisory Committee (except for supervisors who are employee representatives);
- (iv) the remuneration and method of payment of the members of the Board of Directors and the Supervisory Committee;
- (v) the annual budget and final account of the Company;
- (vi) the annual reports of the Company; and
- (vii) other matters, except those required to be adopted by special resolutions in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed or the Articles of Association.

The following matters shall be adopted by special resolutions at the general meeting:

- (i) the increase or decrease of the registered capital of the Company;
- (ii) the division, merger, dissolution, and liquidation or change in the corporate form of the Company;
- (iii) any amendment to the Articles of Association;
- (iv) any purchase or disposal of any material assets or guarantee within one year, the amount of which exceeds 30% of the latest audited total assets;
- (v) equity incentive schemes; and
- (vi) any other matters which are required to be adopted by special resolutions in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed or the Articles of Association, or which the general meeting considers will have a material impact on the Company and therefore require to be adopted by special resolutions by ordinary resolutions.

6. DIRECTORS AND BOARD OF DIRECTORS

(1) Directors

Directors shall be elected or removed at the general meeting. The term of office of a director is three years, and upon expiry of the term of office, a director may be re-elected and re-appointed.

The term of office of the Directors shall be counted from the date of appointment until the expiration of the term of the current Board of Directors. When the Directors' term expires and re-election is not held in time, or where the resignation of a director during his/her term of office causes the number of board members to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with relevant laws, administrative regulations, rules, the listing rules of the place where the Company's Shares are listed or the Articles of Association before the re-elected Directors take office.

A Director shall not be required to hold any Share of the Company.

(2) Board of Directors

The Company shall set up a board of directors which shall be accountable to the general meetings. The Board of Directors shall consist of fifteen directors. At least one-third of member of the

Board of Directors of the Company shall be the independent non-executive Directors and the number of the independent non-executive Directors shall not be less than three.

The Board of Directors shall exercise the following functions and powers:

- (i) to convene general meetings and report to the general meetings;
- (ii) to implement resolutions of the general meetings;
- (iii) to determine on the Company's business plans and investment plans;
- (iv) to formulate the annual financial budgets and final accounts of the Company;
- (v) to formulate the Company's profit distribution plans and plans for recovery of losses of the Company;
- (vi) to formulate proposals for the increase or decrease of the Company's registered capital, the issuance of bonds or other securities of the Company and the listing;
- (vii) to draft proposals for the Company's merger, division, dissolution or change of corporate form;
- (viii) to draft proposals for the Company's major acquisitions and sale, and repurchase of Shares of the Company;
- (ix) within the scope authorized by the general meeting, to decide the Company's external investments, acquisition and disposal of assets, provision of security on the Company's assets, provision of guarantee, entrusted investment, related party transactions and donations etc.;
- (x) to decide on establishment of internal management structure of the Company;
- (xi) to decide the establishment of committees of the Board of Directors; appoint or remove chairman (convenor) of the committees of the Board of Directors;
- (xii) to appoint or remove the Company's general manager and secretary of the Board of Directors, company secretary; to appoint or remove senior management including deputy general manager(s) and the person in charge of finance of the Company in accordance with the nominations by general manager, and to determine their emoluments, rewards and penalties;
- (xiii) to establish the basic management system of the Company;
- (xiv) to formulate proposals for the amendment to the Articles of Association;
- (xv) to formulate proposals to adopt share incentive plan of the Company;
- (xvi) to manage the information disclosures of the Company;
- (xvii) to propose to the general meeting the appointment or change of the accounting firm that provides audit service of annual financial statement to the Company;
- (xviii) to review work reports submitted by the general manager of the Company and examine his/her work;
- (xix) to decide material matters and administrative matters other than those matters required to be approved by the general meeting of the Company in accordance with relevant laws, administrative regulations, rules, the Article of Association and the listing rules of the place where the Company's Shares are listed; and

- (xx) other duties and powers stipulated by relevant laws, administrative regulations, rules, the listing rules of the place where the Company's Shares are listed and the Articles of Association, and conferred at general meetings.

The Board meeting includes regular meetings and extraordinary meetings. The Board of Directors shall hold a regular meeting at least four times a year. A regular Board meeting shall be convened by the chairman of the Board and notices of the regular Board meeting shall be sent to all Directors and Supervisors at least fourteen days prior to the date of the meeting.

Unless otherwise specified in our Articles of Association, a meeting of the Board of Directors shall only be held if it has a quorum of more than half of the directors. Resolutions adopted at the Board meeting must be approved by more than half of all members of the Directors, unless otherwise required in our Articles of Association. Resolutions of the Board shall be passed on a "one person one vote" basis. In the event that the votes for and against a resolution are equal, the chairman of the Board shall be entitled to one additional vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he or she shall not exercise his/her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

7. SECRETARY OF THE BOARD

The Company shall have a secretary of the Board of Directors. The secretary of the Board of Directors is a member of the senior management of the Company. The secretary of the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board of Directors.

Any Director or any other senior management of the company may serve as the secretary of the Board of Directors concurrently. The accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of Directors of the Company.

8. GENERAL MANAGER AND OTHER SENIOR MANAGEMENT

The Company has one general manager, several deputy general managers, and one person in charge of finance, and they shall be appointed or removed by the Board of Directors.

Directors may concurrently serve as general manager or other senior management.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the Company, and to report his/her works to the Board of Directors;

- (ii) to organize the implementation of the resolutions of the Board of Directors;
- (iii) to organize the implementation of the Company's annual business plans and investment plans;
- (iv) to draft plans for the establishment of the Company's internal management organization;
- (v) to draft plans for the establishment of the Company's branches;
- (vi) to draft the Company's basic management system;
- (vii) to formulate the Company's basic administrative regulations;
- (viii) to propose the appointment or removal of the Company's deputy general manager, person in charge of finance or other senior management;
- (ix) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors; and
- (x) such other powers conferred by the Articles of Association or the Board of Directors.

9. SUPERVISORY COMMITTEE

The Company shall establish a Supervisory Committee. The Supervisory Committee shall consist of three supervisors, one of which shall be the chairman. The term of office of each supervisor shall be a period of three years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors.

Shareholders' representative supervisors shall be elected and removed by the general meeting, the employee representative supervisor shall be elected and removed by the employees of the Company democratically and which shall not be less than one-third of the members of the Supervisory Committee.

The Supervisory Committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with laws:

- (i) to review and express its view in writing on periodic reports prepared by the Board;
- (ii) to monitor the Company's financial matters;
- (iii) to supervise the related acts of any of the directors and senior management to ensure that there is no violation of relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed, and the Articles of Association of the Company during their performance of the duties to the Company; to propose the removal of the directors and senior management who violates any laws, administrative regulations, the listing rules of the place where the Company's Shares are listed, the Articles of Association of the Company or the resolutions passed by the general meeting;
- (iv) to demand any Directors and senior management who acts in a manner which is detrimental to the Company's interests to rectify such behavior;
- (v) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings;
- (vi) to make proposals to the general meetings;

- (vii) to negotiate with or bring actions against Directors and senior management on behalf of the Company in accordance with the PRC Company Law;
- (viii) to investigate any abnormal matters during the business operation of the Company; if necessary, to engage professionals such as accounting firms or law firms to assist the investigation in exercising its functions and powers with expenses being borne by the Company; and
- (ix) other powers provided in the Articles of Association.

Resolutions of Supervisory Committee shall be passed by no less than two-thirds of the Supervisors.

10. QUALIFICATIONS OF THE DIRECTORS, SUPERVISORS, AND SENIOR MANAGEMENT OF THE COMPANY

A person may not serve as a Director, Supervisor, or other senior management of the Company if such person:

- (i) has no civil capacity or has limited civil capacity;
- (ii) was sentenced for the offense of corruption, bribery, expropriation, misappropriation of property or for disrupting the social and economic order, and less than five years has elapsed since the sentence was served, or has been deprived of political rights due to such crimes, and less than five years has elapsed since the deprivation was completed;
- (iii) has served as a director, factory manager or general manager of a company or enterprise that was bankrupted and liquidated, and was personally liable for the bankruptcy of such company or enterprise, and less than three years has elapsed since the date of completion of the bankruptcy and liquidation of that company or enterprise;
- (iv) was a former legal representative of a company or an enterprise which has had its business license revoked and been ordered to close down its business for violating the laws, and was personally liable for that revocation, and less than three years has elapsed since the date of revocation;
- (v) has comparatively large amount of individual debts that have become overdue and have not been settled; or
- (vi) where other contents stipulated by laws, administrative regulations, rules and the listing rules of the place where the Company's Shares are listed.

11. FINANCIAL AND ACCOUNTING SYSTEMS

The Company shall formulate its financial and accounting systems in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the PRC accounting standards formulated by relevant authorities.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited in accordance with the law.

The Company shall, according to relevant laws and administrative regulations of the place where the Company's Shares are listed, the listing rules of the stock exchange and other normative documents, submit and/or disclose the annual report, interim report, announcement of performance and other documents to the Shareholders.

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and administrative regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where Shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

12. PROFIT DISTRIBUTIONS

Where the Company distributes its after-tax profits for a given year, it shall allocate 10% of the profits to its statutory reserve.

The Company shall no longer be required to make allocations to its statutory reserve once the aggregate amount of such reserve reaches at least 50% of its registered capital.

If the Company's statutory reserve is insufficient to make up losses from previous years, the Company shall use its profits from the current year to make up such losses before making the allocation to its statutory reserve in accordance with the preceding paragraph.

After making the allocation from its after-tax profits to its statutory reserve, the Company may, subject to a resolution of the general meeting, make an allocation from its after-tax profits to the discretionary reserve.

After the Company has made up its losses and made allocations to its reserves, the remaining profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, unless otherwise specified by the Articles of Association.

If the general meeting or the Board of Directors breaches the provisions of the preceding paragraphs by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory reserve, the shareholders must return to the Company the profits that were distributed in breach of the said provisions.

Shares of the Company that are held by the Company itself shall not participate in the distribution of profits.

The Company shall appoint receiving agents for holders of overseas-listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other amount payable by the Company in respect of overseas-listed foreign shares.

The receiving agents appointed by the Company shall meet the requirements of relevant laws of the place or the relevant administrative regulations of the stock exchange where the Company's Shares are listed.

13. APPOINTMENT OF ACCOUNTING FIRM

The Company shall engage a qualified independent accounting firm to audit the Company's annual financial reports and to examine and verify other financial reports.

The term of service of an accounting firm engaged by the Company shall be the date from the end of the current annual general meeting of the Company until the end of the next annual general meeting.

14. DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved in accordance with the law under any of the following circumstances:

- (i) the expiration of the operation term as set forth in the Articles of Association or the occurrence of other events for dissolution as set forth in the Articles of Association;
- (ii) the Shareholders' general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary as a result of merger or division of the Company;
- (iv) the Company's business license is revoked or it is ordered to close down its business or deregistered according to relevant laws;
- (v) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to the interests of the Shareholders, the Shareholders holding more than 10% of the total voting rights of the Company may apply to the People's Court to dissolve the Company if there are no other solutions.

Where the Company is dissolved under the circumstances set forth in (i), (ii), (iii) and (v) above, it shall establish a liquidation committee and the liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be composed of Directors or persons determined by a general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may apply to the People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the Shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until the repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period, submit the same to the general meeting or the People's Court for confirmation, and submit to the company registration authority to apply for company deregistration, and announce the Company's termination.

15. AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association in accordance with relevant laws, administrative regulations, the listing rules of the place where the Company's Shares are listed and the Articles of Association. If any amendment to the Articles of Association involves matters requiring the approval from the competent regulatory authority to become effective, it shall be submitted to the competent regulatory authority for approval. If any amendment to the Articles of Association involves any registered item of the Company, the Company shall complete the registration of the change in accordance with the law.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was established as a limited liability company in the PRC on June 29, 2012 and was converted into a joint stock limited company on June 24, 2019 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company was RMB69,392,473.

Our Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. Wong Wai Yee, one of our joint company secretaries, has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are 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 V—Summary of the Articles of Association”. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in “Appendix IV—Summary of Principal Legal and Regulatory Provisions”.

2. Changes in Share Capital

On June 29, 2012, our Company was incorporated with a registered capital of RMB1,000,000.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this prospectus:

On June 21, 2023, pursuant to the capital increase agreements, the terms of which are summarized in the paragraph headed “History, Development and Corporate Structure—Pre-IPO Investments”, the total registered capital of our Company increased from approximately RMB66.61 million to approximately RMB69.39 million, among which Deyang Digital, Deyang Jinghua, Xinxin Xiangrong and Hangzhou Fuyang subscribed for RMB0.16 million, RMB0.64 million, RMB0.40 million and RMB1.59 million, respectively.

For more details, see “History, Development and Corporate Structure—Pre-IPO Investments”. Save as aforesaid, as of the Latest Practicable Date, there had been no alterations of our share capital within the two years preceding the date of publication of this prospectus.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries as of the Latest Practicable Date are set out in “Appendix I Accountant’s Report—Note 12 Subsidiaries”.

The following subsidiaries have been incorporated within two years immediately preceding the date of this prospectus:

<u>Name of subsidiary</u>	<u>Place of incorporation</u>	<u>Date of incorporation</u>	<u>Registered capital</u>
Hangzhou Unisound	PRC	June 6, 2023	RMB100,000,000
Sichuan Unisound AI Technology Co., Ltd. (四川雲知聲智能科技有限公司)	PRC	June 21, 2023	RMB100,000,000
Beijing Zhuyun Shanhai Intelligent Technology Co., Ltd. (北京逐雲山海智能科技有限公司)	PRC	November 15, 2023	RMB5,000,000
Henan Unisound Technology Co., Ltd. (河南雲知聲科技有限公司)	PRC	January 17, 2024	RMB10,000,000
Beijing Zhuyun Shanhai Intelligent Technology Co., Ltd. (北京逐雲山海智能科技有限公司)	PRC	November 15, 2023	RMB5,000,000
Henan Unisound Technology Co., Ltd. (河南雲知聲科技有限公司)	PRC	January 17, 2024	RMB10,000,000
Jiangsu Unisound Technology Co., Ltd. (江蘇雲知聲科技有限公司)	PRC	September 29, 2024	RMB10,000,000
Jiangsu Unisound Shanhai Technology Co., Ltd. (江蘇雲知聲山海科技有限公司)	PRC	November 5, 2024	RMB10,000,000

Save as disclosed above and in the Accountant's Report set out in Appendix I to this prospectus, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Resolutions of Our Shareholders

Pursuant to a general meeting held on June 25, 2023, among other things, our Shareholders resolved that:

- (a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the main board of the Stock Exchange;
- (b) the number of H Shares to be issued shall not be more than 25% of the total issued share capital of our Company as enlarged by the Global Offering before the exercise of the Over-allotment Option, and the grant to the underwriters (or their representatives) of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;
- (c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association for the purpose of the Company's Listing; and
- (d) authorization of the Board to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) a cornerstone investment agreement dated June 18, 2025 entered into among our Company, SensePower Management Limited, China International Capital Corporation







Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, with respect to a subscription of H Shares at the Offer Price in the amount of HK\$43,698,177;

- (b) a cornerstone investment agreement dated June 17, 2025 entered into among our Company, Nebula Asset Management Limited, Cheng Nga Yin, China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, with respect to a subscription of H Shares at the Offer Price in the amount of HK\$30,000,000;
- (c) a cornerstone investment agreement dated June 18, 2025 entered into among our Company, Runjian International (Hong Kong) Co., Limited (潤建國際(香港)有限公司), China International Capital Corporation Hong Kong Securities Limited, Haitong International Capital Limited and Haitong International Securities Company Limited, with respect to a subscription of H Shares at the Offer Price in the amount of Hong Kong dollars equivalent to RMB20,000,000 (inclusive of all brokerage, transaction levy and trading fees); and
- (d) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights







(a) Trademarks registered

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
1.	云知声蜂鸟	PRC	Our Company	9	63056239	06/09/2032
2.		PRC	Our Company	9	50429659	13/06/2031
3.		PRC	Our Company	35	50429671	13/06/2031
4.		PRC	Our Company	42	50429701	27/06/2031
5.	云知声雪豹	PRC	Our Company	9	50314333	20/06/2031
6.		PRC	Our Company	9	50290260	13/06/2031
7.		PRC	Our Company	9	50298594	06/08/2031
8.	Unisound PANDORA	PRC	Our Company	42	38241696	06/02/2030
9.	Unisound PANDORA	PRC	Our Company	9	38247355	27/01/2030
10.	云知声潘多拉	PRC	Our Company	42	38222388	20/01/2030
11.	云知声潘多拉	PRC	Our Company	9	38223507	20/01/2030
12.		PRC	Our Company	9	37989329	27/06/2030

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Place of Registration	Registered Owner	Class	Registered Number	Expiry Date (dd/mm/yyyy)
13.		PRC	Our Company	9	37983530	20/01/2030
14.		PRC	Our Company	9	37991589	20/08/2030
15.	雪豹	PRC	Our Company	9	35976415	27/11/2029
16.	雨燕	PRC	Our Company	9	31348841	13/07/2030
17.		PRC	Our Company	9	27073790	13/10/2028
18.	云知声	PRC	Our Company	9	27091814	20/12/2028
19.		PRC	Our Company	9	16913127	06/07/2026
20.		PRC	Our Company	42	14383739	27/05/2035
21.		PRC	Our Company	9	14383366	27/05/2035
22.	云知声	PRC	Our Company	35	14383398	27/05/2035
23.	云知声	PRC	Our Company	42	14383646	06/09/2035
24.	Unisound	PRC	Our Company	42	14383715	13/06/2035
25.	云知声	PRC	Our Company	9	14383337	27/05/2035
26.	Unisound	PRC	Our Company	9	14383352	06/09/2035
27.	Unisound	PRC	Our Company	9	14043366A	06/06/2035
28.	Unisound	PRC	Our Company	42	14043411	20/04/2035

(b) *Copyrights registered*

As at the Latest Practicable Date, we had registered the following copyrights which we consider to be or may be material to our business:

No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
1.	Unisound online real-time high-performance speech recognition server software V1.0 (雲知聲在線實時高性能語音識別服務器軟件V1.0)	PRC	Our Company	2013SR016729	25/02/2013
2.	Unisound medical speech recognition system Union Medical College Hospital customized version V1.0 (雲知聲醫療領域語音識別系統協和醫院定製版V1.0)	PRC	Unisound Information and Chinese Academy of Medical Sciences & Peking Union Medical College	2016SR198817	29/07/2016
3.	Unisound medical intelligent voice system V3.0 (雲知聲醫療智能語音系統V3.0)	PRC	Our Company	2017SR244869	08/06/2017

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No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
4.	Unisound voice cloud platform V3.0 (雲知聲語音雲平台V3.0)	PRC	Our Company	2017SR515775	14/09/2017
5.	Unisound resident doctor workstation intelligent voice input system 3.0 (雲知聲住院醫生工作站智能語音錄入系統3.0)	PRC	Our Company	2017SR716266	21/12/2017
6.	Unisound outpatient doctor workstation intelligent voice input system 3.0 (雲知聲門診醫生工作站智能語音錄入系統3.0)	PRC	Our Company	2018SR016751	08/01/2018
7.	Unisound mobile ward rounds intelligent voice transcription system V3.0 (雲知聲移動查房智能語音轉寫系統V3.0)	PRC	Our Company	2018SR219544	29/03/2018
8.	Unisound radiology department intelligent voice input system V3.0 (雲知聲放射科智能語音錄入系統V3.0)	PRC	Our Company	2018SR219561	29/03/2018
9.	Unisound doctor-patient dialogue recording transcription system V3.0 (雲知聲醫患對話錄音轉寫系統V3.0)	PRC	Our Company	2018SR243782	11/04/2018
10.	Unisound mobile nursing intelligent voice transcription system V3.0 (雲知聲移動護理智能語音轉寫系統V3.0)	PRC	Our Company	2018SR243788	11/04/2018
11.	Unisound inpatient nurse station intelligent voice input system V3.0 (雲知聲住院護士站智能語音錄入系統V3.0)	PRC	Our Company	2018SR272090	23/04/2018
12.	Unisound intelligent conference system V3.0 (雲知聲智能會議系統V3.0)	PRC	Our Company	2018SR272098	23/04/2018
13.	Unisound TCM specialist intelligent voice input system V3.0 (雲知聲中醫專科智能語音錄入系統V3.0)	PRC	Our Company	2018SR272155	23/04/2018
14.	Robot active interactive response system V1.0 (機器人主動交互應答系統V1.0)	PRC	Shenzhen Unisound	2018SR317306	09/05/2018
15.	Robot voice dialogue system V1.0 (機器人語音對話系統V1.0)	PRC	Shenzhen Unisound	2018SR317322	09/05/2018

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No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
16.	Unisound pathology intelligent voice assistant V3.0 (雲知聲病理科智能語音助手V3.0)	PRC	Our Company	2018SR400080	30/05/2018
17.	Outpatient self-service machine system V3.0 (門診自助機系統V3.0)	PRC	Our Company	2018SR491189	27/06/2018
18.	Ultrasound intelligent assistant conversational interaction system V1.0 (超聲智能助手語音交互系統V1.0)	PRC	Our Company	2018SR684711	27/08/2018
19.	Pre-diagnosis robot conversational AI interaction system V1.0 (預診機器人智能語音交互系統V1.0)	PRC	Shanghai Unisound	2018SR767266	20/09/2018
20.	Conversational AI pathology system V1.0 (智能語音病理系統V1.0)	PRC	Our Company	2019SR0178298	25/02/2019
21.	Intelligent medical record quality control system V1.0 (智能病歷質控系統V1.0)	PRC	Our Company	2019SR0183213	26/02/2019
22.	Digu smart phone robot system V1.1 (嘀咕智能電話機器人系統V1.1)	PRC	Shanghai Unisound	2019SR0752712	19/07/2019
23.	Congcong robot software (iOS version) V1.0.7 (聰聰機器人軟件 (iOS版) V1.0.7)	PRC	Our Company	2019SR0827736	09/08/2019
24.	Congcong robot software (Android version) V1.0.13 (聰聰機器人軟件 (Android版) V1.0.13)	PRC	Our Company	2019SR0827744	09/08/2019
25.	KAR operation platform system V1.4.1 (KAR運營平台系統V1.4.1)	PRC	Our Company	2019SR1160634	18/11/2019
26.	Unisound skills open platform V1.3.0 (雲知聲技能開放平台V1.3.0)	PRC	Our Company	2019SR1408368	20/12/2019
27.	Unisound voice transcription service system V1.0.0 (雲知聲語音轉寫服務系統V1.0.0)	PRC	Our Company	2019SR1408707	20/12/2019
28.	Unisound authentication and authorization center system V1.0.0 (雲知聲認證授權中心系統V1.0.0)	PRC	Our Company	2019SR1409194	20/12/2019
29.	Conversational AI and visual multi-modal ticketing system V1.0 (智能語音及視覺多模態售票系統V1.0)	PRC	Shanghai Unisound	2019SR1445489	27/12/2019

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No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
30.	Yunxiao cloud platform V1.0 (雲曉雲平台V1.0)	PRC	Shanghai Unisound	2020SR0425046	09/05/2020
31.	Unisound user center software V1.4.8 (雲知聲用戶中心軟件V1.4.8)	PRC	Our Company	2020SR0550748	02/06/2020
32.	Unisound energy management platform V1.0 (雲知聲能源管理平台V1.0)	PRC	Shanghai Unisound	2020SR0610727	11/06/2020
33.	Chinese intelligence evaluation public cloud software V1.0 (中文智能評測公有雲軟件V1.0)	PRC	Shanghai Unisound	2020SR0613680	12/06/2020
34.	Unisound device center software V1.2.7 (雲知聲設備中心軟件V1.2.7)	PRC	Our Company	2020SR0625116	15/06/2020
35.	Unisound elevator control mini program system V1.3 (雲知聲梯控小程序系統V1.3)	PRC	Shanghai Unisound	2020SR0692089	29/06/2020
36.	Community intelligent behavior recognition detection system V1.0 (社區智能行為識別檢測系統V1.0)	PRC	Shanghai Unisound	2020SR0692104	29/06/2020
37.	Intelligent obstetrics and gynecology management system V1.3.7 (智能婦產管理系統V1.3.7)	PRC	Shanghai Unisound	2020SR0692162	29/06/2020
38.	Word solitaire software V3.0.1 (詞語接龍軟件V3.0.1)	PRC	Shanghai Unisound	2020SR0692303	29/06/2020
39.	Intelligent follow-up system V1.0 (智能隨訪系統V1.0)	PRC	Our Company	2020SR0792567	17/07/2020
40.	Yunting intelligent conference system V1.0 (雲聽智能會議系統V1.0)	PRC	Shanghai Unisound	2020SR0961207	20/08/2020
41.	Smart case field order system V1.0 (智慧案場訂單系統V1.0)	PRC	Shanghai Unisound	2020SR1026049	02/09/2020
42.	Unisound smart bedside interactive system V1.0 (雲知聲智慧床旁交互系統V1.0)	PRC	Our Company	2020SR1209444	13/10/2020
43.	Unisound intelligent pre-diagnosis system V1.0 (雲知聲智能預診系統V1.0)	PRC	Our Company	2020SR1601556	18/11/2020
44.	Unisound intelligent triage system V1.0 (雲知聲智能分診系統V1.0)	PRC	Our Company	2020SR1601564	18/11/2020
45.	Knowledge graph platform V1.0 (知識圖譜平台V1.0)	PRC	Our Company	2020SR1601565	18/11/2020

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No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
46.	Unisound intelligent diagnosis system V3.0 (雲知聲智能導診系統V3.0)	PRC	Our Company	2020SR1601593	18/11/2020
47.	Yunxiao intelligent community information management system V1.0 (雲曉智能社區信息管理系統V1.0)	PRC	Shanghai Unisound	2020SR1626528	23/11/2020
48.	Diabetes management system V1.0 (糖尿病管理系統V1.0)	PRC	Our Company	2020SR1637635	24/11/2020
49.	Medical insurance intelligent medical record review system V1.0 (醫保智能病案審核系統V1.0)	PRC	Our Company	2021SR0194802	04/02/2021
50.	Hospital safety (adverse) event intelligent reporting system V1.0 (醫院安全 (不良) 事件智能報告系統V1.0)	PRC	Our Company	2021SR0265123	20/02/2021
51.	Intelligent medical record quality control system - operation management platform V1.1.1 (智能病歷質控系統—運行管理平台V1.1.1)	PRC	Our Company	2021SR0316758	01/03/2021
52.	Medical record home page management platform V1.1 (病案首頁管理平台V1.1)	PRC	Our Company	2021SR0316759	01/03/2021
53.	Intelligent medical record quality control system-nursing client V1.0 (智能病歷質控系統—護理客戶端V1.0)	PRC	Our Company	2021SR0372073	10/03/2021
54.	Intelligent medical record quality control system - outpatient client V1.0 (智能病歷質控系統—門診客戶端V1.0)	PRC	Our Company	2021SR0372074	10/03/2021
55.	Smart work badge management system V1.1 (智慧工牌管理系統V1.1)	PRC	Shanghai Unisound	2021SR0633923	06/05/2021
56.	DRG operation management platform 1.0 (DRG運營管理平台1.0)	PRC	Our Company	2021SR0739946	21/05/2021
57.	Single disease data reporting system V1.0 (單病種數據上報系統V1.0)	PRC	Our Company	2021SR0884189	11/06/2021
58.	Multi-modal smart interactive large-screen software (horizontal screen) V1.0 (多模態智慧交互大屏軟件 (橫屏) V1.0)	PRC	Shanghai Unisound	2021SR0889041	15/06/2021

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No.	Copyright	Place of Registration	Copyright Owner	Registration Number	Registration Date (dd/mm/yyyy)
59.	Multi-modal smart interactive large-screen software (vertical screen) V1.0 (多模態智慧交互大屏軟件(豎屏)V1.0)	PRC	Shanghai Unisound	2021SR0889124	15/06/2021
60.	Operation verification software V1.0 (手術核查軟件V1.0)	PRC	Our Company	2021SR0914770	18/06/2021
61.	Unisound speech recognition service system v2.0 (雲知聲語音辨別服務系統v2.0)	PRC	Shanghai Unisound	2021SR0964750	29/06/2021
62.	Natural language annotation system V1.0 (自然語言標註系統V1.0)	PRC	Our Company	2021SR0967427	30/06/2021
63.	Elevator inspection intelligent operation and maintenance system V1.0 (電梯巡檢智慧運維系統V1.0)	PRC	Shanghai Unisound	2021SR1176405	10/08/2021
64.	Unisound conversational AI service platform software V1.0 (雲知聲智能語音業務服務平台軟件V1.0)	PRC	Shanghai Unisound	2021SR1464841	08/10/2021
65.	Unisound natural language synthesis service software V1.0 (雲知聲自然語言合成服務軟件V1.0)	PRC	Shanghai Unisound	2021SR1464997	08/10/2021
66.	AI intelligent sparring platform software V1.0 (AI智能陪練平台軟件V1.0)	PRC	Shanghai Unisound	2021SR2176380	27/12/2021
67.	Multi-modal anti-fraud public normalization publicity interactive station software V1.0 (多模態防詐騙公共常態化宣傳交互站軟件V1.0)	PRC	Shanghai Unisound	2022SR0484548	19/04/2022
68.	Unisound smart home central control screen system - light luxury version V1.0 (雲知聲智慧家居中控屏系統—輕奢版V1.0)	PRC	Shanghai Unisound	2022SR0488301	19/04/2022
69.	Intelligent elevator voice, face recognition and behavior analysis comprehensive control software V1.0 (智能電梯語音、人臉識別及行為分析綜合控制軟件V1.0)	PRC	Shanghai Unisound	2022SR0488302	19/04/2022
70.	Unisound medical knowledge middle platform system V1.0 (雲知聲醫療知識中台系統V1.0)	PRC	Our Company	2022SR0529514	26/04/2022

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71.	Tertiary hospital rating management system V1.0 (三級醫院等級評審管理系統V1.0)	PRC	Our Company	2022SR0990860	03/08/2022
72.	Intelligent equipment monitoring operation and maintenance platform V1.0 (智能設備監控運維平台V1.0)	PRC	Shanghai Unisound	2022SR1027003	05/08/2022
73.	Single disease process management system (單病種過程管理系統)	PRC	Our Company	2022SR1372434	23/09/2022
74.	Single disease index evaluation system (單病種指標評價系統)	PRC	Our Company	2022SR1499032	14/11/2022
75.	Single disease quality control platform (單病種質控平台)	PRC	Our Company	2022SR1499033	14/11/2022
76.	Knowledge graph editing management platform (知識圖譜編輯管理平台)	PRC	Our Company	2022SR1499034	14/11/2022
77.	Xinyu smart creation teaching practice platform V1.0 (芯語智創教學實踐平台V1.0)	PRC	Shanghai Unisound	2022SR1583909	18/12/2022
78.	Department data quality management system V1.0 (科室數據質量管理系統V1.0)	PRC	Our Company	2023SR0201008	06/02/2023
79.	DIP medical insurance intelligent reminder system V1.0 (DIP醫保智能提醒系統V1.0)	PRC	Our Company	2023SR0201009	06/02/2023
80.	DIP medical insurance operation management system V1.0 (DIP醫保運營管理系統V1.0)	PRC	Our Company	2023SR0201132	06/02/2023
81.	Medical insurance intelligent audit system V1.0 (醫保智能審核系統V1.0)	PRC	Our Company	2023SR0201298	06/02/2023
82.	DRG medical insurance operation management system V2.0 (DRG醫保運營管理系統V2.0)	PRC	Our Company	2023SR0459713	11/04/2023

(c) *Patents*

As of the Latest Practicable Date, we have registered the following patents which we considered to be or may be material to our business:

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
1	A method and system for extracting key part of a sentence (一種主幹語句的提取方法及系統)	Invention Patent	Our Company	PRC	CN201810995542.5	07/04/2023	07/04/2043
2	A method and device for processing sound of specific characters (特定詞語音的處理方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010307655.9	07/04/2023	07/04/2043
3	A method and device for extracting integral entity relationship (一種完整實體關係抽取方法及裝置)	Invention Patent	Our Company	PRC	CN201911038681.X	18/04/2023	18/04/2043
4	A method and device for identifying dialogue intent (一種對話意圖識別方法及裝置)	Invention Patent	Our Company	PRC	CN201911168331.5	18/04/2023	18/04/2043
5	A method and device for decoding speech (語音解碼方法及裝置)	Invention Patent	Our Company	PRC	CN201911179311.8	18/04/2023	18/04/2043
6	A method and device for standardizing names of operations (一種手術名稱標準化方法及裝置)	Invention Patent	Our Company	PRC	CN202010147252.2	18/04/2023	18/04/2043
7	A method and device for stabilizing controllable end-to-end speech synthesis (一種穩定可控的端到端語音合成方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010275510.5	18/04/2023	18/04/2043

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
8	A voice detection method and its device (一種語音檢測的方法及其裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010339292.7	18/04/2023	18/04/2043
9	An accelerated annotation method and device for multi-rounds dialogue corpus of human-machine interaction (一種面向人機交互多輪對話語料的加速標註方法及裝置)	Invention Patent	Our Company	PRC	CN201911212568.9	05/05/2023	05/05/2043
10	A security control method and device for Docker engine users rights (一種Docker引擎用戶權限安全控制方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010317593.X	05/05/2023	05/05/2043
11	A content identification method and device (一種內容識別方法及裝置)	Invention Patent	Our Company	PRC	CN201911180749.8	26/05/2023	26/05/2043
12	A method and device for correcting text errors (一種文本糾錯方法及系統)	Invention Patent	Our Company	PRC	CN202010225790.9	26/05/2023	26/05/2043
13	An image-assisted system on children robots for determining direction of sound source (一種兒童機器人上利用圖像輔助的聲源方向判定系統)	Invention Patent	Our Company	PRC	CN201911096437.9	30/05/2023	30/05/2043
14	A speech recognition method and device (一種語音識別方法和裝置)	Invention Patent	Our Company	PRC	CN201310231499.2	24/06/2015	24/06/2035

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
15	A method and device for updating Q&A sorting models of automated Q&A systems (用於自動問答系統的問答排序模型更新方法及裝置)	Invention Patent	Our Company	PRC	CN201510007045.6	01/09/2017	01/09/2037
16	An automated Q&A device and method based on learning to rank (基於排序學習的自動問答裝置及方法)	Invention Patent	Our Company	PRC	CN201510007539.4	14/11/2017	14/11/2037
17	A system and method for concatenating speech segments for speech synthesis (一種用於語音合成的語音片段拼接系統和方法)	Invention Patent	Our Company	PRC	CN201410734257.X	28/11/2017	28/11/2037
18	A method and device for quick detection of single-frequency beep sounds (一種快速檢測單頻提示音的方法及系統)	Invention Patent	Our Company	PRC	CN201510050590.3	12/01/2018	12/01/2038
19	A method and system for acquiring paraphrase resources (一種複述資源獲取方法及系統)	Invention Patent	Our Company	PRC	CN201410648040.7	01/05/2018	01/05/2038
20	A voice output method and device (一種語音輸出方法及裝置)	Invention Patent	Our Company	PRC	CN201510568430.8	28/12/2018	28/12/2038
21	A method and device for testing information (一種信息測試方法及裝置)	Invention Patent	Our Company	PRC	CN201510685737.6	19/02/2019	19/02/2039

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
22	A voice input method and device (一種語音輸入方法及裝置)	Invention Patent	Our Company	PRC	CN201610994428.1	14/06/2019	14/06/2039
23	A voice control method and device (一種語音控制方法及裝置)	Invention Patent	Our Company	PRC	CN201610211626.6	03/01/2020	03/01/2040
24	A corpus classification method and device (語料分類方法及裝置)	Invention Patent	Our Company	PRC	CN201611027175.7	07/02/2020	07/02/2040
25	A speech processing method and device (語音處理方法及裝置)	Invention Patent	Our Company	PRC	CN201610264283.X	31/03/2020	31/03/2040
26	An improved method for estimating the SRP sound source positioning in the frequency domain (改進的頻域SRP聲源方位估計方法)	Invention Patent	Our Company	PRC	CN201810102202.5	24/04/2020	24/04/2040
27	An automated data collection and annotation method (自動數據採集及標註的方法)	Invention Patent	Our Company	PRC	CN201810103344.3	24/04/2020	24/04/2040
28	An air conditioning control method and device (空調控制方法及裝置)	Invention Patent	Our Company	PRC	CN201610362657.1	28/04/2020	28/04/2040
29	A method and device for determining users intent in voice interactions (語音交互中確定用戶意圖的方法及裝置)	Invention Patent	Our Company	PRC	CN201611178869.0	26/05/2020	26/05/2040

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
30	An information classification method and device (信息分類方法及裝置)	Invention Patent	Our Company	PRC	CN201611179993.9	26/05/2020	26/05/2040
31	An offline call method and device of family information (離線調用家庭信息的方法及裝置)	Invention Patent	Our Company	PRC	CN201810186950.6	09/06/2020	09/06/2040
32	A voice output method and device (一種語音輸出方法及裝置)	Invention Patent	Our Company	PRC	CN201680002958.1	17/07/2020	17/07/2040
33	A secure data transmission method, device and system (安全傳輸數據的方法、裝置及系統)	Invention Patent	Our Company	PRC	CN201810106944.5	28/07/2020	28/07/2040
34	A speech synthesis method and system (語音合成方法及系統)	Invention Patent	Our Company	PRC	CN201810517280.1	25/09/2020	25/09/2040
35	A method and device for speech separation during trial (審訊時語音分離的方法及裝置)	Invention Patent	Our Company	PRC	CN201810106940.7	23/10/2020	23/10/2040
36	A method and device for data cache and a system for data transmission (一種數據緩存方法、裝置及數據傳輸系統)	Invention Patent	Our Company	PRC	CN201711377201.3	05/01/2021	05/01/2041
37	An adjustable wave-shape concatenating system and method (可調節的波形拼接系統及方法)	Invention Patent	Shanghai Unisound	PRC	CN201711461842.7	12/02/2021	12/02/2041

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
38	A sound source positioning method and device (一種聲源定位方法及系統)	Invention Patent	Our Company	PRC	CN201810995819.4	02/03/2021	02/03/2041
39	A human-machine interaction system for multi-devices autonomous decision-making (一種用於進行多設備自主決策的人機交互系統)	Invention Patent	Our Company	PRC	CN201910323610.8	02/03/2021	02/03/2041
40	A sound pickup method and device by microphone array (麥克風陣列的拾音方法及裝置)	Invention Patent	Our Company	PRC	CN201910912566.4	02/03/2021	02/03/2041
41	A sound source positioning method (一種聲源定位方法)	Invention Patent	Our Company	PRC	CN201910258214.1	12/03/2021	12/03/2041
42	A voice evaluation method and system (語音評測方法及系統)	Invention Patent	Shanghai Unisound	PRC	CN201810864099.8	19/03/2021	19/03/2041
43	A sound pickup method by decentralized distributed microphones (一種去中心化的分布式麥克風拾音的方法)	Invention Patent	Our Company	PRC	CN201910779512.5	09/04/2021	09/04/2041
44	A method and device for monitoring microphones (麥克風監控方法及裝置)	Invention Patent	Our Company	PRC	CN201910913709.3	13/04/2021	13/04/2041

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STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
45	A method for fast and stable cancellation of echo for intelligent voice interaction device (智能語音交互設備快速穩定的回聲消除方法)	Invention Patent	Our Company	PRC	CN201810310759.8	01/06/2021	01/06/2041
46	A method for understanding dialogue commands based on knowledge graph (一種基於知識圖譜的對話命令理解方法)	Invention Patent	Our Company	PRC	CN201910389711.5	29/06/2021	29/06/2041
47	A method and device for extracting classification features of sentences based on hybrid templates (基於混合模板抽取句子分類特徵的方法及裝置)	Invention Patent	Our Company	PRC	CN201810201961.7	02/07/2021	02/07/2041
48	A method and system for mining of similar entities (同類實體的挖掘方法及系統)	Invention Patent	Our Company	PRC	CN201810106851.2	17/08/2021	17/08/2041
49	A data rights management method and system (數據權限管理方法及系統)	Invention Patent	Our Company	PRC	CN201810284184.7	17/08/2021	17/08/2041
50	A device and method for segmentation of streaming natural language information (流式自然語言信息的斷句裝置及方法)	Invention Patent	Our Company	PRC	CN201810218878.0	27/08/2021	27/08/2041

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
51	A method and system for filtering non-medical record content for ultrasound departments (超聲科非病歷內容的過濾方法及系統)	Invention Patent	Our Company	PRC	CN201810548693.6	31/08/2021	31/08/2041
52	A heuristic voice interaction method and system (啟發式語音交互方法及裝置)	Invention Patent	Our Company	PRC	CN201810175225.9	03/09/2021	03/09/2041
53	A construction system and method of medical knowledge graph (一種醫療知識圖譜的構建系統和構建方法)	Invention Patent	Our Company	PRC	CN201910334418.9	03/09/2021	03/09/2041
54	A method and device for failure detection of high availability nodes (一種高可用節點故障檢測方法及裝置)	Invention Patent	Xiamen Unisound	PRC	CN202010245646.1	14/09/2021	14/09/2041
55	A method and device for mining hybrid templates of Chinese sentences (漢語句子混合模板的挖掘方法及裝置)	Invention Patent	Our Company	PRC	CN201810201422.3	21/09/2021	21/09/2041
56	A HVAD (Hardware Voice Activity Detection) system (一種硬件音頻主動探測HVAD系統)	Invention Patent	Our Company	PRC	CN201910924900.8	22/10/2021	22/10/2041
57	A method and device for improving robustness of speech recognition (一種提升語音識別穩健性的裝置及其方法)	Invention Patent	Our Company	PRC	CN201811466497.0	17/12/2021	17/12/2041

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
58	A method and system for cancelling reverberation (一種消除混響的方法和系統)	Invention Patent	Our Company	PRC	CN201910810308.5	17/12/2021	17/12/2041
59	A speech synthesis method for generating new timbre (一種產生新音色的語音合成方法)	Invention Patent	Our Company	PRC	CN201910780718.X	07/11/2022	07/11/2042
60	An audio and video synthesis method (一種音視頻合成方法)	Invention Patent	Our Company	PRC	CN201910912787.1	18/02/2022	18/02/2042
61	A method for improving the success rate of voice awakening (一種提升語音喚醒成功率的方法)	Invention Patent	Our Company	PRC	CN201811466502.8	22/03/2022	22/03/2042
62	A method and device for identifying unspecified diagnosis coding errors on home page of medical records (一種識別病歷首頁未特指診斷編碼錯誤的方法及裝置)	Invention Patent	Our Company	PRC	CN201910970105.2	25/03/2022	25/03/2042
63	A method and device for constructing ASR/NLU engine cross-optimization of data closed loop (一種構造ASR/NLU引擎交叉優化數據閉環的方法及裝置)	Invention Patent	Our Company	PRC	CN201910983952.2	01/04/2022	01/04/2042
64	A speech synthesis method and device (一種語音合成方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN201911420316.5	22/04/2022	22/04/2042

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No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
65	A text positioning method and system based on understanding of natural language (一種基於自然語言理解的文本定位方法和系統)	Invention Patent	Our Company	PRC	CN201910804622.2	29/04/2022	29/04/2042
66	A method and device for sound source separation (一種聲源分離方法及裝置)	Invention Patent	Our Company and Shenzhen Unisound	PRC	CN202110268230.6	14/06/2022	14/06/2042
67	A sound pickup method and system by microphone array (一種麥克風陣列定向拾音方法及系統)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010850399.8	17/06/2022	17/06/2042
68	A method and device for English speech synthesis (英文語音合成方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010141017.4	24/06/2022	24/06/2042
69	A speech enhancement method, device, equipment and storage medium (語音增強方法、裝置、設備和存儲介質)	Invention Patent	Our Company and Shenzhen Unisound	PRC	CN202110287956.4	02/08/2022	02/08/2042
70	A multilingual abstracts generation method, device, electronic equipment and computer-readable medium (多語言摘要的生成方法、裝置、電子設備及計算機可讀介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110132073.6	23/09/2022	23/09/2042

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STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
71	An open voice evaluation method and equipment (一種開放式的語音評測方法和設備)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110132058.1	18/10/2022	18/10/2042
72	A method, device, electronic equipment and storage medium for Chinese and English speech mixed synthesis (中英文語音混合合成方法、裝置、電子設備和存儲介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110628882.6	27/12/2022	27/12/2042
73	An activation authorization method and system for smart devices (一種智能設備激活授權方法及系統)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202011504333.X	30/12/2022	30/12/2042
74	A method for cancelling wind noise (一種去除風噪的方法)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202011504399.9	24/01/2023	24/01/2043
75	A speech conversion method, device, electronic equipment and storage medium (一種語音轉換方法、裝置、電子設備和存儲介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110284443.8	24/01/2023	24/01/2043
76	A method and device for deploying heterogeneous supercomputing platform (一種部署異構超算平台的方法及裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010317608.2	28/02/2023	28/02/2043

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STATUTORY AND GENERAL INFORMATION

No.	Patent Name	Type	Patentee	Place of Registration	Patent Number	Grant Date (dd/mm/yyyy)	Expiry Date (dd/mm/yyyy)
77	A speech intent recognition method, device and readable storage medium (一種語音意圖識別方法、裝置及可讀存儲介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110616990.1	28/02/2023	28/02/2043
78	A method for improving the quality of personalized synthesized voice (提升個性化合成語音質量的方法)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010163515.9	21/03/2023	21/03/2043
79	A method and its device for whitening multiple voices in voice interaction (一種語音交互中多路語音的白化方法及其裝置)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202010339154.9	21/03/2023	21/03/2043
80	An extracting method, device, electronic equipment and storage medium for target direction of speech (一種目標方向語音提取方法、裝置、電子設備和存儲介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110616989.9	21/03/2023	21/03/2043
81	A speech separation method, device, equipment and storage medium (語音分離方法、裝置、設備和存儲介質)	Invention Patent	Our Company and Xiamen Unisound	PRC	CN202110268203.9	24/03/2023	24/03/2043

(d) **Domain Names**

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Expiry Date (dd/mm/yyyy)
1.	igaicloud.cn	Shanghai Unisound	PRC	10/05/2026
2.	unisound.com	Our Company	PRC	20/12/2026
3.	yunzhisheng.cn	Our Company	PRC	31/05/2026

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS**1. Disclosure of Interests**

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which 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 and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interests and short positions of our Directors, Supervisors or chief executive in the share capital of our Company and its associated corporations following completion of the Global Offering*Interests in Shares*

Name of Director or chief executive	Nature of Interest ⁽¹⁾	Number and class of Shares held	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering ⁽²⁾ (%)	Approximate percentage of shareholding in the total share capital of our Company after the Global Offering (%)
Domestic Unlisted Shares				
Dr. Huang	Interests in controlled corporations	13,544,911	54.19%	18.91%
	Interests held jointly with other persons	16,481,964	65.94%	23.02%
Dr. Liang	Beneficial owner	1,835,658	7.34%	2.56%
	Interests held jointly with other persons	16,481,964	65.94%	23.02%
Dr. Kang	Beneficial owner	1,101,395	4.41%	1.54%
	Interests held jointly with other persons	16,481,964	65.94%	23.02%
Mr. Li Zhichao . .	Interest in controlled corporation	176,477	0.71%	0.25%
H Shares				
Dr. Huang	Interests in controlled corporations	5,804,961	13.81%	8.11%
	Interests held jointly with other persons	7,063,697	16.80%	9.86%
Dr. Liang	Beneficial owner	786,710	1.87%	1.10%
	Interests held jointly with other persons	7,063,697	16.80%	9.86%
Dr. Kang	Beneficial owner	472,026	1.12%	0.66%
	Interests held jointly with other persons	7,063,697	16.80%	9.86%
Mr. Li Zhichao . .	Interest in controlled corporation	152,097	0.36%	0.36%

Notes:

- (1) All interests stated are long position.
- (2) The calculation is based on the total number of 24,995,061 Domestic Unlisted Shares in issue and 47,537,043 H Shares to be in issue (including 27,977,641 H Shares to be converted from Domestic Unlisted Shares, 11,849,122 H Shares to be converted from Unlisted Foreign Shares and 1,560,980 H Shares to be issued pursuant to the Global Offering) in issue upon the Listing, assuming that the Over-allotment Option is not exercised.
- (3) See the section headed “Substantial Shareholders” in this prospectus for details.

(b) *Interests and short positions disclosable under Divisions 2 and 3 of Part XV of the SFO*

For the information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see “Substantial Shareholders” and “History, Development and Corporate Structure” in this prospectus.

So far as set out above, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) will, immediately following the completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

2. Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

3. Director’s and Supervisors’ Remuneration

Save as disclosed in “Directors, Supervisors and Senior Management” and “Appendix I Accountant’s Report — Note 40 Benefits and interests of directors” for the three financial years ended December 31, 2022, 2023 and 2024, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

4. Disclaimers

Saved as disclosed in this prospectus:

- (a) none of our Directors, Supervisors or any of the parties listed in “Qualification of Experts” of this Appendix is:
 - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

- (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in “Qualification of Experts” of this Appendix:
 - (i) is interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;
- (c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and
- (d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. EMPLOYEE INCENTIVE SCHEMES

The Company has adopted the 2016 Employee Incentive Scheme and the 2023 Employee Incentive Scheme to recognize the contributions of our key employees, incentivize our management team, retain talent and promote our long-term sustainable development. Neither the 2016 Employee Incentive Scheme nor the 2023 Employee Incentive Scheme is subject to the provisions of Chapter 17 of the Listing Rules as neither of them involves any grant of share options or awards by the Company after the Listing.

(a) Employee Incentive Platforms

As of the Latest Practicable Date, the Company had established three Employee Incentive Platforms, namely Yunsi Shangzhi, Yunsi Shangxin and Yunchuang Hudong for the 2016 Employee Incentive Scheme. Yunsi Shangzhi and Yunsi Shangxin also accommodated the 2023 Employee Incentive Scheme.

Yunsi Shangzhi

We have established Yunsi Shangzhi, a limited partnership on December 12, 2016 as one of the employee incentive platform for the 2016 Employee Incentive Scheme and the 2023 Employee Incentive Scheme. The general partner of Yunsi Shangzhi is Tianjin Yunsheng, a limited liability company established in the PRC and held by Dr. Huang and Mr. Liu Shengping, both are Directors, as to 99% and 1%. As of the Latest Practicable Date, Yunsi Shangzhi was held by its general partner, Tianjin Yunsheng, as to 3.1601%, and its limited partners as to 96.8399%. The limited partners of Yunsi Shangzhi were Mr. LI Xiaohan (an Executive Director and a supervisor of Shanghai Unisound), Mr. LIU Shengping (an Executive Director), Mr. LI Peng (an Executive Director), Mr. LIU Qingsong (a supervisor of Xiamen Unisound), Mr. SHAN Bo (a Supervisor), Mr. REN He (a Supervisor), Mr. CHEN Jisheng (a director of Shanghai Unisound and Yunmao Hulian and a supervisor of Shenzhen Unisound), Mr. LIANG Jiameng (a sibling of Dr. LIANG Jia'en, one of the Directors) and 20 employees of the Group who were Independent Third Parties and each of whom held less than 10% partnership interest in Yunsi Shangzhi, who held 28.3648%, 14.4108%, 12.6563%, 3.8188%, 3.8188%, 3.7509%, 1.8902%, 0.7638% and 27.3655% as of the Latest Practicable Date.

Yunsi Shangxin

We have established Yunsi Shangxin a limited partnership on January 19, 2017 as one of the employee incentive platform for the 2016 Employee Incentive Scheme and the 2023 Employee Incentive Scheme. The general partner of Yunsi Shangxin is Tianjin Yunsheng. As of the Latest Practicable Date, Yunsi Shangxin was held by its general partner, Tianjin Yunsheng, as to 0.0242%, and its limited partners as to 99.9758%. The limited partners of Yunsi Shangxin were Mr. CHEN Jisheng (a director of Shanghai Unisound and Yunmao Hulian and a supervisor of Shenzhen Unisound), Ms. LI Na (the Chief Financial Officer and a joint company secretary of the Company), one employee of the Group (namely Mr. XIE Guanchao, who ceased to be a director of Yunmao Hulian, an insignificant subsidiary of the Company in February 2023, and therefore an Independent Third Party), and three other employees of the Group who were Independent Third Parties and each of whom held less than 10% partnership interest in Yunsi Shangxin, who held 6.1624%, 6.1115%, 81.0351% and 6.6668% as of the Latest Practicable Date.

Yunchuang Hudong

We have established Yunchuang Hudong a limited partnership on May 13, 2015 as one of the employee incentive platform for the 2016 Employee Incentive Scheme. The general partner of Yunchuang Hudong is Tianjin Yunsheng. As of the Latest Practicable Date, Yunchuang Hudong was held by its general partner, Tianjin Yunsheng, as to 0.0103%, and its limited partners as to 99.9897%. The limited partners of Yunchuang Hudong were Dr. Huang (an Executive Director), Yunsi Shangxin and an employee of the Group who was an Independent Third Party, who held 41.948%, 42.3766%, and 15.6651% as of the Latest Practicable Date.

(b) Key Terms of Employee Incentive Schemes**1. 2016 Employee Incentive Scheme**

The Company has adopted the 2016 Employee Incentive Scheme by a resolution of our Shareholders on June 5, 2020 as an amendment, restatement and consolidation of the previous employee share incentive scheme adopted by the Company since 2015. The 2016 Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by the Company after the Listing, except for the disclosure requirements under Rule 17.12 of the Listing Rules.

Eligibility

Pursuant to the stock incentive agreements, the participants of the 2016 Employee Incentive Scheme (the “**Participants**”) shall include (i) key employees of the Group, (ii) employees who have positively contributed to the operating performance, technology research and development and future development of the Group, and (iii) other employees as determined by our Company. A Participant ceases to be an eligible Participant if:

- (i) the Participant has been charged or held liable for (a) disclosure of the business secrets of the Group, (b) any material adverse effect on the reputation of the Group, or (c) direct or indirect economic losses of the Group;
- (ii) the Participant engages in competing business of the Group without prior written consent of the Company;

- (iii) other circumstances which cause a Participant to cease to be an eligible Participant as agreed in the stock incentive agreement occurs (collectively, the “**Causes**”).

Awards

An award under the 2016 Employee Incentive Scheme (the “**Award(s)**”) gives a Participant in the 2016 Employee Incentive Scheme a conditional right when granted the Award to obtain interests in the Employee Incentive Platform at the consideration separately agreed in the stock incentive agreement entered into among the Company, the General Partner (as defined below) and the relevant Participant. Upon becoming the limited partner of the Employee Incentive Platforms, the selected Participants indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

The direct or indirect voting rights in our Company of each Employee Incentive Platform shall be exercised by the general partner of the Employee Incentive Platform, Tianjin Yunsheng Information Technology Co., Ltd. (the “**General Partner**”), pursuant to the partnership agreements and stock incentive agreements.

Administration

The 2016 Employee Incentive Scheme shall be subject to the administration of the General Partner and the Board in accordance with the terms of the 2016 Employee Incentive Scheme and the relevant stock incentive agreements, including the right to construe and interpret the 2016 Employee Incentive Scheme and the terms of the Awards granted under it.

Term

The 2016 Employee Incentive Scheme was restated on June 5, 2020 and shall continue to be effective so long as the Employee Incentive Platforms hold Shares, subject to termination pursuant to applicable laws and regulations.

Number of Shares

The number of Shares held by the Employee Incentive Platforms under the 2016 Employee Incentive Scheme is 4,271,915, representing approximately 6.16% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and 6.05% of our total issued share capital immediately upon the completion of the Global Offering assuming the Over-allotment Option is not exercised.

Restrictions on Transfer and Disposal

Pursuant to the terms of the 2016 Employee Incentive Scheme, unless otherwise agreed in the stock incentive agreement, the selected Participants may not dispose of, transfer, pledge or otherwise encumber his or her interest in the limited partnership without the consent of the general partner of the Employee Incentive Platforms.

Upon the listing of the Company and the expiration of the lock-up period of the Shares, the Participants are entitled to apply to transfer all or partial of the Awards under the organization of the General Partner in accordance with the 2016 Employee Incentive Scheme. The tax applicable to such transfer shall be borne by the Participants.

Lapse of the Award

The Participants may be required to withdraw from the 2016 Employee Incentive Scheme and transfer all of the interests in the Employee Incentive Platform held by them to the General Partner in accordance with the 2016 Employee Incentive Scheme, including but not limited to (1) expiration or termination of the employment; (2) failure to meet the condition(s) as agreed in the stock incentive agreement, and/or (3) ceasing to be an eligible Participant for any Cause.

Details of the Awards Granted

As of the Latest Practicable Date, the aggregate number of Shares underlying the Awards granted to the Participants was 4,900,660, among which (i) 4,271,915 Shares underlying the Awards were granted to, vested and exercised by the Participants as set out below, representing approximately 6.16% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and 6.02% of our total issued share capital immediately upon the completion of the Global Offering assuming the Over-allotment Option is not exercised. Details of the Awards granted under the 2016 Employee Incentive Scheme are set out as below; (ii) 175,603 Shares underlying the Awards granted to four former employees of the Group were bought back by the General Partner in accordance with their respective stock incentive agreements; and (iii) 453,142 unvested Shares underlying the Awards granted to one employee lapsed in accordance with his stock incentive agreement.

<u>Name of the grantees</u>	<u>Relationship with our Group</u>	<u>Number of incentive Shares held</u>	<u>Approximate percentage of shareholding immediately following completion of the Global Offering ⁽¹⁾</u>
<i>Connected Persons</i>			
Mr. LI Xiaohan (李霄寒)	Executive Director and a supervisor of Shanghai Unisound	820,402	1.16%
Mr. LIU Shengping (劉升平)	Executive Director	416,808	0.59%
Mr. LI Peng (李鵬)	Executive Director	366,063	0.52%
Mr. SHAN Bo (單波)	Supervisor	110,454	0.16%
Mr. REN He (任禾)	Supervisor	108,487	0.15%
Mr. CHEN Jisheng (陳吉勝)	A director of Shanghai Unisound and Yunmao Hulian and a supervisor of Shenzhen Unisound	123,588	0.17%
Mr. LIU Qingsong (劉青松)	A supervisor of Xiamen Unisound	110,454	0.16%
Mr. LIANG Jiameng (梁家盟)	A software development engineer of the Company and a sibling of Dr. LIANG Jia'en, one of the executive Directors	22,091	0.03%
Subtotal		2,078,347	2.93%
<i>Independent Third Parties</i>			
—	16 employees of the Group and 10 former employees of the Group	2,193,568	3.09%
Total	—	4,271,915	6.02%

(1) Assuming no Over-allotment is exercised.

Save as disclosed above, all the Awards under the 2016 Employee Incentive Scheme were granted, vested and exercised and there are no Shares underlying the Employee Incentive Platforms, which are reserved for grant of Awards to future grantees under the 2016 Employee Incentive Scheme.

2. 2023 Employee Incentive Scheme

The Company has adopted the 2023 Employee Incentive Scheme by a resolution of our Shareholders on April 12, 2023. The 2023 Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by the Company after the Listing.

Eligibility

Pursuant to the stock incentive agreements, the participants of the 2023 Employee Incentive Scheme (“**Scheme Participants**”) shall include employees of the Group as determined by our Company. A Scheme Participant ceases to be an eligible Scheme Participant if:

- (i) the participant has been charged or held liable for (a) acceptance of kickbacks, embezzlement and theft, (b) disclosure of the trading and technical secrets of the Group, (c) any material adverse effect on the reputation of the Group, (d) direct or indirect economic losses of the Group, or (e) other criminal offense;
- (ii) the participant or the relative of the participant, directly or indirectly, engages in competing business of the Group or have any interest in any business which competes, or is likely to compete with the business of the Group, without prior written consent of the Company;
- (iii) the participant solicits existing or prospective customers of the Group;
- (iv) the participant induces or attempts to induce employees of the Group to terminate employment with the Group;
- (v) the participant achieves the conditions as provided in the 2023 Employee Incentive Scheme by fraudulent means;
- (vi) the participant is unable to accomplish the work arrangements assigned by the Group as a result of his/her establishment of labor relations with other employers or provision service to other employers;
- (vii) the participant is ineligible to be a shareholder of the listed companies in accordance with applicable laws and regulations;
- (viii) the participant’s interest in the Employee Incentive Platforms may encumber the listing of the Company;
- (ix) other circumstances where the participant violates the terms of the employment contract, constitution document, regulations and policies of the Group, or applicable laws and regulations; and
- (x) other circumstances which result a participant to cease to be an eligible Participant as agreed in the stock incentive agreement occurs.

Awards

An award under the 2023 Employee Incentive Scheme gives a Scheme Participant in the 2023 Employee Incentive Scheme an option (the “**Option**”) when granted the award to subscribe interests in the Employee Incentive Platforms at the consideration separately agreed in the stock incentive agreement entered into among the Company, the General Partner and the relevant Scheme Participant.

Upon becoming the limited partner of the Employee Incentive Platforms, the selected Scheme Participants indirectly receive economic interest in the corresponding number of underlying Shares held by the Employee Incentive Platforms.

The direct or indirect voting rights in our Company of each Employee Incentive Platform shall be exercised by Tianjin Yunsheng Information Technology Co., Ltd., the general partner of the 2023 Employee Incentive Platform (the “**General Partner**”), pursuant to the partnership agreements and stock incentive agreements.

Administration

The 2023 Employee Incentive Scheme shall be subject to the administration of the General Partner, the Board and the board of Supervisors in accordance with the terms of the 2023 Employee Incentive Scheme and the relevant stock incentive agreements, including the right to construe and interpret the 2023 Employee Incentive Scheme and the terms of the awards granted under it.

Term

The 2023 Employee Incentive Scheme was adopted on April 12, 2023 and shall continue to be effective so long as the Employee Incentive Platforms hold Shares, subject to termination pursuant to applicable laws and regulations.

Number of Shares

The number of Shares underlying the Options held by the 2023 Employee Incentive Platforms under the 2023 Employee Incentive Scheme is 60,555 Shares, representing approximately 0.09% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and 0.09% of our total issued share capital immediately upon the completion of the Global Offering assuming the Over-allotment Option is not exercised.

Vesting and Exercise of the Options

The Options granted shall be vested in full on the sixth anniversary of the date of joining the Group by the Scheme Participants.

A Scheme Participant may exercise his or her awards in whole or in part by paying the full subscription price in respect of the Option to be exercised, as stipulated in the exercise notice, within 15 days from the date of receipt of such exercise notice issued by the General Partner.

Transferability

Pursuant to the terms of the 2023 Employee Incentive Scheme, the selected Scheme Participants may not dispose of, transfer, pledge or otherwise encumber his or her Option before the exercise of the Options. The General Partner may determine the cancelation of the unexercised Options granted to such selected Scheme Participants.

Upon the Listing of the Company and the expiration of the lock-up period of the Shares underlying the Options, the Scheme Participants are entitled to apply to transfer all or partial of the Shares underlying the Options in accordance with the 2023 Employee Incentive Scheme. All taxes applicable to such transfer shall be borne by the Scheme Participants.

Lapse of the Award

The Shares underlying the Options granted to Scheme Participants may be required to be withdrawn and transferred in whole to the General Partner at the exercise price in accordance with the 2023 Employee Incentive Scheme, including but not limited to ceasing to be an eligible Scheme Participant for any cause as stipulated in the 2023 Employee Incentive Scheme.

Details of the Awards Granted, Vested and Exercised

As of the Latest Practicable Date, the aggregate number of Shares underlying the awards granted to the Scheme Participants was 60,555, all of which were granted to, vested and exercised by seven employees of the Group, who were Independent Third Parties, representing approximately 0.09% of the aggregate amount of the Shares in issue immediately before the completion of the Global Offering and 0.07% of our total issued share capital immediately upon the completion of the Global Offering assuming the Over-allotment Option is not exercised.

All the awards under the 2023 Employee Incentive Scheme were granted, vested and exercised and there are no Shares underlying the Employee Incentive Platforms, which are reserved for grant of awards to future grantees under the 2023 Employee Incentive Scheme.

E. OTHER INFORMATION**1. Estate Duty**

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

Saved as disclosed in this prospectus, to the knowledge of our Directors, no member of our Group has significant litigation or claims pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US\$500,000 for acting as a sponsor for the Listing.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Qualification of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Haitong International Capital Limited	A licensed corporation under the SFO to conduct type 6 (advising on corporate finance) of the regulated activity as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Han Kun Law Office	Qualified PRC lawyers
Grandway Law Offices	Qualified PRC lawyers

6. Consents of Experts

Each of the experts referred to in “Qualification of Experts” in this Appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

Save as disclosed in this Prospectus, none of the experts named above has any of our shareholding interests in any member of our Group or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities in any member of our Group.

7. Compliance Advisor

We have appointed Haitong International Capital Limited as our compliance advisor upon the Listing in compliance with Rule 3A.19 of the Listing Rules.

8. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. Hong Kong stamp duty will apply at the current standard rate of 0.26% on the higher of the consideration paid for, or the market value of the Shares being sold, purchased or transferred, whether or not the sale or purchase is effected on or off the Stock Exchange. For further information in relation to taxation, see “Appendix III — Taxation and Foreign Exchange — III. Taxation in Hong Kong”.

9. No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial position or prospects since December 31, 2024.

10. Binding Effect

This prospectus 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 so far as applicable.

11. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) 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;
- (g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (h) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and
- (i) our Company has no outstanding convertible debt securities or debentures.

12. Restrictions on Share Repurchases

For details, see the sections headed “Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions” and “Appendix V — Summary of the Articles of Association” in this prospectus.

13. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

14. Promoters

The promoters of our Company comprised all of the 29 then shareholders of our Company as at May 26, 2019 before our conversion into a joint stock limited liability company. See "History, Reorganization and Corporate Structure — Conversion into a joint stock company with limited liability in June 2019" for further details of the promoters of our Company. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the written consents referred to in “*Appendix VI — Statutory and General Information — Other Information — Consents of Experts*”; and
- (b) a copy of each of the material contracts referred to in “*Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts*”.

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.unisound.com during a period of 14 days from the date of this prospectus:

- 1. the Articles of Association;
- 2. the Accountant’s Report prepared by PricewaterhouseCoopers, the text of which is set forth in Appendix I to this Prospectus;
- 3. the audited consolidated financial statements of our Company for the three financial years ended December 31, 2022, 2023 and 2024;
- 4. the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;
- 5. the material contracts in “*Appendix VI — Statutory and General Information — Further Information about our Business — Summary of Material Contracts*”;
- 6. the written consents referred to in “*Appendix VI — Statutory and General Information — Other Information — Consents of Experts*”;
- 7. the service contracts referred to in “*Appendix VI — Statutory and General Information — Further Information about our Directors and Supervisors — Service Contracts*”;
- 8. the legal opinions issued by Han Kun Law Offices and Grandway Law Offices, our PRC Legal Advisors, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;
- 9. the terms of the Employee Incentive Schemes;
- 10. the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in the section headed “*Industry Overview*” in this Prospectus; and
- 11. the PRC Company Law, together with its unofficial English translations.

