An [**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your* [**REDACTED**].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any change in launch schedules or failure of our launch service providers to successfully launch our satellites into space could materially and adversely affect our results of operations.

Our business is dependent on the successful launch, deployment and operation of our satellites. We rely on third-party launch service providers to deliver our satellites into orbit and, as a result, our ability to deploy satellites in a timely manner is subject to factors largely beyond our control. These factors include changes in launch schedules, satellite production delays, limited availability of reliable launch opportunities, failure to obtain required regulatory approvals in a timely manner and launch or deployment failures.

Launch delays or failures may result from technical malfunctions, launch vehicle or deployment mechanism failures, adverse weather conditions or other unforeseen events. A launch failure could lead to the destruction or loss of functionality of our satellites or payloads, cause delays in satellite deployment due to the need to manufacture replacement satellites and secure alternative launch opportunities and increase our overall costs. We have experienced launch-related incidents in the past. In February 2021, a technical incident involving a third-party rocket resulted in the unsuccessful deployment of two independently developed AI (artificial intelligence) payloads owned by us. These AI payloads were primarily used to validate the application of our AI technologies in satellites operating in space environments. The total cost of these AI payloads was approximately RMB1.8 million and the launch service provider assumed full responsibility for launch operations. As a result, this incident did not have a material adverse impact on our financial condition, business operations or customer relationships. In addition, in January 2026, a rocket carrying two of our experimental satellites experienced a launch failure due to rocket technical issues, resulting in the destruction of both satellites. See "Summary — Recent Development and No Material Adverse Change." Such launch failures may result in the failure to recognize related revenue and, if required by the relevant customer, require the replacement of affected satellites and the rescheduling of launches. We cannot guarantee that replacement satellites can be manufactured or replacement launches can be completed within the same timeframe or at the same cost. Any such events may disrupt our project schedules, delay the fulfillment of customer contracts, affect the timing of revenue recognition, adversely affect customer confidence and harm our reputation.

The satellite industry is subject to extensive regulations and government policies. Failure to obtain and maintain the required licenses and approvals for our satellite operations could adversely impact our results of operations.

Our satellite operations are subject to extensive PRC laws, regulations and governmental policies, including the approval from the NDRC prior to the production of satellites and radio frequency use permits and radio station licenses issued by the MIIT for on-orbit operation. In addition, in late 2025, the China National Space Administration (國家航天局) established the Commercial Space Department (商業航天司), a dedicated department for matters relating to commercial space activities, which was in the process of gradually commencing its regulatory functions as of the Latest Practicable Date. See "Regulatory Overview — Regulations Related to the Commercial Space Industry." Failure to obtain or maintain the requisite licenses and approvals in a timely manner may result in operational disruptions, delays in project execution, administrative penalties and increased compliance costs.

We had not obtained the requisite approval from the relevant national ministry prior to the production of five satellites that we produced prior to December 2023. We have reported this incident to the NDRC. See "Business — Legal Proceedings and Compliance — Compliance — Approval of the Relevant National Ministry for Satellites." While neither we nor our PRC subsidiaries were subject to any material administrative penalties in connection with this incident during the Track Record Period and up to the Latest Practicable Date, including those pursuant to the Administrative Measures for the Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理辦法》) and the Notice of the State Council on Issuing the Catalogue of Government-Approved Investment Projects (2016 Edition) (《國務院關於發佈政府核准的投資項目目錄(2016年本)的通知》) (Guo Fa [2016] No. 72), we cannot assure that no penalties or other regulatory actions will be imposed in the future. Any delay in obtaining, or failure to obtain or maintain, the requisite approvals may disrupt our operations, delay delivery timelines for confirmed orders and affect the timing of revenue recognition, which could adversely affect our customer relationships, reputation and ability to execute our business strategies. In addition, changes in laws, regulations or regulatory requirements may increase our compliance burden and require us to obtain additional approvals for our existing or future satellite projects, which could further adversely affect our business, financial condition and results of operations.

We relied on a limited number of customers during the Track Record Period, which exposes us to customer concentration risks.

Due to the nature of the satellite industry, customer purchase, production and delivery cycles are typically lengthy and project-based and are subject to factors beyond our control, including customization requirements, regulatory approval timelines and the availability of launch opportunities. As a result, recurring purchases were relatively limited during the Track Record Period and the timing of inspection, acceptance and delivery may vary significantly. During the Track Record Period, a large portion of our revenue was derived from a limited number of customers. Revenue from our five largest customers in each year during the Track Record Period accounted for 56.1%, 77.5% and 78.0% of our total revenue, respectively, while revenue from our largest customer in each year during the Track Record Period accounted for 21.5%, 31.3% and 26.4% of our total revenue, respectively. See "Business — Our Customers." The changes in revenue from our major customers during the Track Record Period were influenced by the continued development and expansion of our offerings, which resulted in changes in both our customer base and the volume of purchases. As a result, our operating results may be subject to changes in our customer base, as well as fluctuations arising from changes in purchasing behavior, project schedules or demand from certain major customers. If we fail to expand our customer base, if existing customers reduce or delay their purchases, or if inspection or acceptance of our products and solutions is postponed, our revenue, cash flow and results of operations may be adversely affected, which could in turn materially and adversely affect our business, financial condition and results of operations.

If the market for satellites and satellite-based solutions does not continue to grow as expected, it could materially and adversely affect our results of operations.

The satellite industry is evolving rapidly and is subject to changes in technology, regulation, market acceptance and competitive dynamics. In recent years, the PRC government has introduced policies relating to the aerospace and commercial satellite industry, including identifying aerospace as a strategic emerging industry under the "15th Five-Year Plan." Industry development has also coincided with advancements in launch vehicle technologies, including advancements in reusable rocket technologies, and demand associated with large-scale low-Earth orbit satellite constellation projects in the PRC, led by both state-owned and commercial operators. See "Industry Overview — The Satellite Industry in China" and "Regulatory Overview — Regulations Related to the Commercial Space Industry." Although the satellite industry has demonstrated growth potential, there is no assurance that market demand will continue to expand as expected. We cannot guarantee that we will be able to secure sufficient customer orders for our business development or for the remaining satellites under the Star-Compute Project in a timely manner or at all. If market demand fails to grow as expected, our ability to execute our business strategies and realize expected returns may be materially and adversely affected.

Our business requires significant capital expenditure and ongoing funding, and any inability to secure sufficient financing on acceptable terms could adversely affect our results of operations and future prospects.

Our business is capital intensive and requires substantial capital expenditure and ongoing funding to support our operations, growth strategy and long-term development. We have established multiple facilities for satellite design and development, environmental testing and component manufacturing across China. The implementation of this strategy requires significant upfront investment, including expenditures on facilities and equipment. The expected benefits of satellite mass production achieved collectively through coordination among multiple facilities, including cost reductions and improved procurement terms, may not be realized on the timeline or to the extent anticipated, or at all. Such benefits depend on, among other things, our ability to achieve sufficient production scale, maintain stable demand for our satellite-based solutions and manage supply chain and manufacturing execution risks. If we are unable to achieve the expected economies of scale, our average cost per satellite may remain high, which could adversely affect our profitability and competitiveness.

Since our establishment, we have conducted several rounds of pre-[**REDACTED**] equity financing to support our business operations, technology development and capital expenditure needs. See "History, Development and Corporate Structure — Major Changes in Our Company's Registered Capital and Shareholding Structure." There can be no assurance that we will be able to obtain additional financing in the future on terms acceptable to us, or at all. Our future funding requirements may be affected by a number of factors, including the pace of our satellite deployment and mass production plans, changes in customer demand, market competition, regulatory developments and macroeconomic conditions. If we are unable to secure sufficient funding when needed, we may be required to delay, scale back or modify our satellite mass production plans, capital expenditure programs or growth initiatives. In addition, any future equity financing may result in dilution to our existing shareholders, while debt financing may subject us to restrictive covenants, increased interest expenses and repayment obligations. Any of these circumstances could materially and adversely affect our results of operations and future prospects.

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

The industry in which we operate is increasingly competitive and there is no assurance that we will be able to maintain our competitive edge. We primarily compete with participants in the satellite industry, some of them may have greater financial resources, more advanced technological capabilities or broader customer bases, which could enable them to offer more competitive pricing, faster delivery timelines or superior product and solution performance. Some competitors may also have access to more favorable strategic partnerships that could enhance their market position. To respond to heightened competition, we may be required to increase investments in R&D, marketing and sales. We cannot assure you that such measures will be effective and yield the expected 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 fail to do so, it will be difficult for us to differentiate ourselves from competitors and we may lose market share. Any failure to compete effectively could have a material and adverse impact on our business, financial condition and results of operations.

We relied on a limited number of suppliers during the Track Record Period, which exposes us to supplier concentration risks.

Our suppliers primarily comprise (i) software and hardware providers for satellite-based solutions, (ii) satellite material providers for satellite design and production, and (iii) launch service providers. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 60.5%, 64.3% and 57.2% of our total purchases, respectively, while purchases from our largest supplier in each year during the Track Record Period accounted for 36.3%, 31.0% and 20.1% of our total purchases, respectively. See "Business — Our Suppliers." Given such supplier concentration, any disruption to our supply chain, whether arising from the financial condition of our suppliers, changes in market conditions or other unforeseen events, could adversely affect our ability to procure key materials and services in a timely and cost-effective manner. In addition, if any of our key suppliers cease or materially reduce the supply of critical materials or services, we may encounter difficulties in identifying alternative suppliers on comparable terms within a reasonable timeframe, which could materially and adversely affect our business, financial condition and results of operations.

Any failure of our satellites to operate as intended may impact our ability to provide satellite solutions.

Our satellites employ advanced technologies that are exposed to severe environmental stresses during launch and in space that could affect our satellites' performance, and we cannot guarantee that our satellites will continue to operate successfully in space throughout their expected operational lives. For example, hardware or software malfunctions, human error in command operations or exposure to unforeseen events, such as space debris, solar storms, meteor activity or intentional or unintentional interference, may result in performance degradation, loss of functionality or complete failure of a satellite. As a result, the actual operational lifespan of our satellites may be shorter than expected, reducing their available capacity or causing service disruptions. Historically, we have encountered situations where the satellites became de-orbited. If the satellite is not fully operational, we may lose part or all of the revenue that otherwise would have been derived from that satellite. Furthermore, if any of the abovementioned issues happen to satellites sold to our customers, the customers' business operations that rely on these satellites may be affected, which could give rise to claim against us, damage our reputation, cause a loss of customer confidence and result in loss of future business opportunities.

We have been and intend to continue investing in R&D, which may not generate the results as expected and may adversely affect our short-term cash flow, liquidity and profitability.

The industry in which we operate is characterized by rapid advancements in satellite technology. Our success is contingent upon our ability to adapt to these changes in a timely and cost-effective manner. To enhance technological capabilities and maintain our products and solutions competitive in the market, we have been investing heavily in our R&D activities, with a primarily focus on AI satellite technologies. In 2023, 2024 and 2025, our research and development expenses were RMB53.5 million, RMB142.0 million and RMB151.7 million, respectively. There is no assurance that our R&D efforts will yield the anticipated results or lead to commercially viable products and solutions or improvements. The failure of our R&D initiatives to meet expectations could result in significant expenses without corresponding revenue generation, which could adversely affect our short-term cash flow, liquidity and profitability.

We have a limited operating history, which makes it difficult to evaluate our business and future prospects.

We commenced business operation in 2018 and experienced continuous revenue growth throughout the Track Record Period. However, our historical growth may not be indicative of our future performance. As a company with a limited operating history operating in a rapidly evolving industry, we face uncertainties relating to our ability to continue developing and commercializing our technologies and products, expand and retain our customer base, compete effectively in the satellite industry, attract and retain qualified personnel, adapt to changes in the regulatory environment and manage legal, regulatory and other compliance-related risks. These activities require significant capital investment and management resources, and there is no assurance that we will be able to execute our growth strategies effectively. If market demand for our products and solutions does not develop as expected, or if we fail to address industry and operational challenges associated with our growth, our business and growth prospects may be materially and adversely affected.

We recorded net losses and had net operating cash outflows during the Track Record Period.

We had a net loss of RMB139.3 million, RMB177.2 million and RMB255.9 million in 2023, 2024 and 2025, respectively, primarily attributable to fluctuations in gross profit margins from satellite-related products and services and relatively high research and development expenses and general and administrative expenses. See "Business — Sustainability." As we are still in the early stages of technological development, we expect to continue incurring substantial costs as we invest in technology development, satellite deployment and the expansion of our satellite-based solutions. As a result, we anticipate incurring considerable operating costs and expenses in the foreseeable future, which may adversely affect our overall financial position.

In addition, we had net cash used in operating activities of RMB313.5 million and RMB212.5 million in 2023 and 2024, respectively, and had net cash generated from operating activities of RMB8.2 million in 2025. See "Financial Information — Liquidity and Capital Resources — Cash Flow." We cannot assure you that we will be able to continuously generate positive cash flows from operating activities in the future. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing, including equity or debt financing, on acceptable terms or at all. If we are unable to generate sufficient operating cash flows or secure external funding when needed, our liquidity position may be adversely affected, which could in turn materially and adversely affect our results of operations.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions.

Our business may be affected by political and economic relations between countries, as well as sanctions and export control regimes imposed by governments in the jurisdictions in which we operate. In particular, U.S. sanctions and export controls targeting China-based technology companies, including restrictions administered by the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. Export Administration Regulations, may directly or indirectly affect our operations, supply chain and customer relationships. If any of our customers or suppliers are subject to such restrictions, we may face limitations in sourcing, selling or providing certain products or services, or difficulties in obtaining or maintaining required regulatory approvals.

During the Track Record Period, we entered into certain transactions with certain entities listed on the SDN List and the Entity List. See "Business – Sanctions Exposure." Dealings with such entities inherently involve heightened compliance, operational and counterparty risks. These risks include potential disruptions to contractual performance, payment, delivery or ongoing business relationships, as well as increased scrutiny by regulators and counterparties. In addition, sanctions and export control regimes are subject to frequent changes, evolving interpretations and heightened enforcement. Any expansion, reinterpretation or stricter application of such measures by the U.S. or other jurisdictions could increase our compliance costs, restrict our ability to transact with certain customers or suppliers, disrupt our supply chain or customer demand and materially and adversely affect our business, financial condition and results of operations.

U.S. outbound investment restrictions and evolving related regulatory requirements may negatively impact our business operations and our ability to secure funding.

In October 2024, the U.S. Department of the Treasury issued a final rule restricting certain outbound investments by U.S. persons in Chinese companies engaged in specified technology-related activities, including semiconductors, quantum information technologies and artificial intelligence, which took effect on January 2, 2025. The rule imposes additional diligence, reporting and record-keeping requirements on U.S. investors and may prohibit or restrict certain investments depending on the nature of the investee's activities, and its scope may be further expanded under subsequent policy initiatives. Although U.S. persons are generally permitted to invest in our H Shares following the [**REDACTED**] under the Publicly Traded Securities Exception, the outbound investment regime may still increase transaction complexity, compliance costs and regulatory uncertainty for U.S. investors. As a result, certain U.S. investors may refrain from participating in our equity offerings or other financing activities, delay investment decisions or require additional conditions. In addition, the scope of the outbound investment rules may be expanded or further tightened in the future. Any reduction in foreign investor participation or increased difficulty in accessing international capital markets could materially and adversely affect our ability to raise funds, and in turn our business, financial condition and prospects.

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

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed additional verification procedures by certain authorities. See "Regulatory Overview — Regulations in Relation to Foreign Investment." During the Track Record Period, certain application scenarios of our satellite-based solutions fell within the "prohibited category" in the Special Administrative Measure (Negative List) for the Access of Foreign Investment (the "Negative List"), namely, (i) 3D (three-dimensional) reality mapping; and (ii) geology-related services. As advised by our PRC Legal Advisor, foreign investors are prohibited from holding any equity interest in any entity engaged in such prohibited businesses. To comply with the Negative List upon [**REDACTED**], we have ceased to offer satellite-based solutions involving 3D reality mapping compilation and business concerning geology-related services. See "Business — Arrangement for Business Activities on the Negative List." However, these arrangements may expose us to additional operational, legal and compliance risks, including reliance on third parties, increased operational costs, potential disputes relating to product quality or intellectual property and increased complexity in our business structure. In addition, the Negative List may be amended in the future, and any requirement to further restructure our business or discontinue certain operations as a result of changes in foreign investment policies could materially and adversely affect our results of operations.

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

We are exposed to credit risk related to delays in payment and defaults of our customers. As of December 31, 2023, 2024 and 2025, our trade and notes receivable, net were RMB500.9 million, RMB628.3 million and RMB630.5 million, respectively, and we had provision for loss allowance of receivable of RMB23.1 million, RMB64.4 million and RMB156.9 million, respectively. While we have adopted credit control measures to improve the trade receivables situation, we may not be able to collect all such trade receivables due to a variety of factors that are outside of our control, including the adverse operating conditions or financial situation of customers and customers' inability to pay. In particular, any financial difficulties experienced by our customers may result in a reduction in their engagement with our products and solutions and expose us to higher credit risks, which could in turn materially and adversely affect our financial condition.

In addition, during the Track Record Period, one of our customers purchased ten AI computing satellites from us and that customer arranged a finance lease arrangement in order to better manage its capital expenditures and align payment obligations with its operational needs. See "Business — Our Customers — Salient Terms of Agreements with Customers — Finance Lease Agreement." If finance leasing companies tighten credit standards, face funding constraints or increase interest rates, our customer may delay or reduce purchases or default on payment obligations. Any such defaults or financing difficulties may result in delayed or uncollectible receivables, increased collection costs and impairment losses, which could materially and adversely affect our results of operations.

We may not be successful in implementing our business plans and strategies effectively, which could materially and adversely affect our business, financial condition and results of operations.

We have devised business strategies to sustain future growth. See "Business — Our Strategies." Our business plans and strategies are based on assumptions regarding market conditions, regulatory developments and other factors that are subject to uncertainties and may not materialize as expected. There can be no assurance that our plans and strategies will be implemented as scheduled or will achieve the intended results. If we fail to execute our business plans and strategies effectively or cost-efficiently, we may be unable to expand our operations, manage growth or remain competitive. In addition, the implementation of our strategies may result in increased operating costs and cash outflows, including higher personnel costs and capital expenditures. If the anticipated benefits of our strategies do not materialize, we may have difficulty recovering such costs, which could materially and adversely affect our results of operations.

Our satellite R&D, production and testing facilities are susceptible to interruption, damage or loss caused by events beyond our control.

Our satellite facilities, including the Chengdu AIT Center, Jiaxing Testing Base, Taizhou Center and the Chongzhou AI-empowered Additive Manufacturing Base, are critical to timely satellite delivery. Interruptions, damage or loss from fire, severe weather, earthquakes or other uncontrollable events could harm our operations. Additionally, our production requires stable electricity; unreliable supply or future blackouts may force us to limit, delay or halt production, which could significantly damage our reputation and business, and may have material adverse effects on our results of operations if insurance coverage is insufficient.

We may experience a failure of satellite TT&C service centers, interference with our satellite signals or geomagnetic solar storms that impair the performance of our satellites, which could harm our business, prospects, financial condition and results of operations.

We operate critical ground infrastructure, including satellite TT&C service centers, which are responsible for satellite orbit and attitude control. These centers may be subject to potential disruptions from natural disasters, fires, acts of war, terrorism or other catastrophic events, which could result in a partial or complete loss of service. Additionally, technical failures or operator errors at these facilities may compromise satellite operations, potentially leading to the inability to communicate with or control one or more satellites. Such failures could result in incorrect instructions being transmitted, causing temporary or permanent degradation of satellite performance or even the loss of one or more satellites.

Moreover, electromagnetic or radio frequency interference, whether intentional or accidental, could disrupt our satellite communication capabilities and hinder our ability to deliver services. Any disruption in the functionality of our facilities, the communication links between them, or our satellite signals could have a material adverse effect on our revenue, our ability to effectively market services, and the overall performance of our business, including its financial condition and prospects.

Any failure to offer high-quality customer services for our customers may harm our relationships with them and, consequently, our business, financial condition and results of operations.

As we grow our operations, we need to provide efficient and satisfactory customer support and maintenance at scale. We may not recruit or retain sufficient qualified personnel, which could prevent us from responding to short-term increases in customer demand, competing with competitors' services, or controlling costs. Failure to maintain high-quality customer support and maintenance could harm our reputation and ability to attract new customers. Furthermore, we generally offer a one- to five-year warranty for satellites after in-orbit delivery, and a one- to three-year warranty for satellite-based solutions after delivery. See "Business — Marketing and

Sales — After-Sales and Warranty." Any deterioration in product quality would increase our warranty costs, and we may be required to adopt new or amended warranty policies, which could add costs we may not recoup. We cannot guarantee our warranty policy will not be misused, increasing costs and adversely affecting our business. Revising these policies to reduce costs may dissatisfy customers, leading to losses and failure to acquire new users, which could materially and adversely affect our results of operations.

Any flaws or misuse of AI technologies, whether actual or perceived, intended or inadvertent, committed by us or by other third parties, could harm our reputation and materially and adversely impact our business, financial condition and prospects.

As we integrate AI into our satellite solutions, we face risks from early-stage AI technologies. Flaws or deficiencies may compromise solution accuracy, and we cannot guarantee timely rectification. In addition, inappropriate use of AI, whether by us or third parties, could damage our reputation, reduce customer adoption, and attract regulatory scrutiny, which could materially and adversely impact our business, financial condition and prospects.

The termination of any strategic collaboration with our business partners may adversely affect our results of operations.

We engage in strategic R&D collaborations with academic institutions and aerospace companies to gain insights and keep up with new technologies. See "Business — Our Strategies — Strengthening Strategic Cooperation, Supply Chain Integration and Business Synergy." We cannot guarantee that partners will continue collaborating on reasonable terms, or that we can establish new relationships or extend existing ones. Some agreements may be terminated at will, and partners may alter contract terms. If we fail to maintain key partnerships or collaborations are terminated, our results of operations could be adversely affected.

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

Our success significantly depends on the continuing efforts of our management and other key personnel, many of whom possess unique skills that would be challenging to replace. We particularly depend on the expertise of our founder and management team, and if any of these individuals become unable or unwilling to continue their services, we may be unable to find suitable replacements. Our future success is also contingent on attracting, recruiting, training and retaining a substantial number of qualified employees, especially our R&D and sales teams, and we may need to offer competitive compensation packages and benefits for our key personnel, which could prove costly and burdensome. Furthermore, we cannot guarantee success in attracting or retaining the necessary workforce to support our future growth; labor disputes or regulatory proceedings could divert resources, reduce productivity, and damage our reputation, while our capacity to train and integrate new employees may not keep pace with business expansion, and any workforce-related issues could materially and adversely affect our results of operations.

We acquired satellite data we use from third-party providers. Any delay or interruption in the supply of third-party satellite data may impact our ability to provide satellite-based solutions.

During the Track Record Period, we acquired a small portion of the satellite remote sensing data we use from third-party data providers. In February 2026, our subsidiary Chengdu Xingshidai surrendered its Surveying and Mapping Qualification Certificate (測繪資質證書). See "Business — Permits, Licenses and Approvals" and "Business — Arrangement for Business Activities on the Negative List." Following this surrender, we no longer hold the Surveying and Mapping Qualification Certificate and therefore continue to rely on third parties to procure satellite data required for our operations. However, we cannot guarantee that third-party data providers will consistently provide stable and reliable satellite data. Any delays or interruptions in receiving satellite data, whether due to satellite malfunctions or third-party non-compliance, could impact our ability to deliver efficient satellite-based solutions to our customers. Failure to obtain this data promptly and on reasonable terms, or at all, may adversely affect our business, financial condition and results of operations.

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

During the Track Record Period, our Company and certain subsidiaries of the Group in the PRC were qualified as "High and New Technology Enterprises" under the relevant PRC laws and regulations, which were subject to a preferential income tax rate of 15%, and certain subsidiaries of the Group in the PRC were qualified as "small low-profit enterprises" under the Enterprise Income Tax Law of the PRC, which enjoyed a preferential income tax rate of 20%. 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 prospects. See "Financial Information — Description of Major Components of our Results of Operations — Income Tax."

We also receive grants from local governments, which are conditional, discretionary and vary from year to year. In 2023, 2024 and 2025, the government grants we received were RMB27.9 million, RMB63.9 million and RMB25.3 million, respectively. Some of our government grants are granted with conditions, typically completion of the project or completion of tax filing. If we fail to meet the conditions of relevant projects, we may be required to return the respective government grants received pursuant to respective agreements and policies in relation to such projects. Also, local governments may decide to reduce or eliminate such grants at any time. We cannot guarantee the continued availability of the government grants currently enjoyed by us. Any reduction, cancelation, or repayment of government grants could adversely affect our business, financial condition and prospects.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based payments for employees.

In 2023, 2024 and 2025, we had share-based payments for employees of RMB48.6 million, RMB91.5 million and RMB93.2 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based payment expenses that could materially and adversely affect our financial performance.

We may be subject to inventory obsolescence risk.

Our business expansion requires us to manage our inventory effectively. Our inventories consist of (i) work in progress, primarily representing satellites under production, and hardware and software for satellite-based solutions; and (ii) finished goods, primarily comprising satellites not yet delivered, and satellite-themed cultural products. Our inventories were RMB42.0 million, RMB38.5 million and RMB28.7 million as of December 31, 2023, 2024 and 2025, respectively. Our inventory turnover days fluctuated during the Track Record Period, with 22.1 days, 42.5 days and 21.9 days in 2023, 2024 and 2025, respectively. In satellite design and development, inventory obsolescence can occur when components or technologies become outdated due to rapid advancements in technology, changes in regulatory requirements, or shifts in customer specifications and preferences. Given the long development cycles and the specialized nature of satellite components, there is an inherent risk that certain parts may become obsolete before they are utilized in production. This risk is heightened if we are unable to accurately predict technological trends or if there are delays in project timelines. Significant inventory obsolescence could lead to increased costs, write-downs, or the necessity to procure new components, thereby affecting our profitability and financial stability.

We are exposed to risks associated with the fair value change in financial assets at fair value through profit or loss and valuation uncertainty regarding the use of unobservable inputs.

Our financial assets at fair value through profit or loss ("FVPL") represented our structured deposits and certificates of deposits. As of December 31, 2023, 2024 and 2025, we had financial assets at FVPL of RMB191.4 million, RMB40.5 million and RMB41.5 million, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Financial Assets at Fair Value through Profit or Loss." The fair value of these financial assets is estimated using valuation techniques based on unobservable inputs, which renders valuations uncertain, and fluctuations in their fair value may continue to affect our results of operations. We cannot assure you that market conditions and the regulatory environment will create fair value gains, or that we will not incur fair value losses on these assets in the future. If we incur such losses, our results of operations, financial condition and prospects may be adversely affected. For fair value measurements of financial instruments, see Note 3.3 of Appendix I to this document.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

We face risks relating to intellectual property rights, including third-party infringement claims and protection of trade secrets.

We rely on intellectual property, including patents, proprietary technologies and trade secrets, to maintain our competitive position. We may not be able to effectively protect, maintain or enforce our intellectual property rights in the jurisdictions in which we operate. Unauthorized use, misappropriation or infringement of our intellectual property by employees or third parties may harm our reputation and competitiveness and require us to incur significant costs to protect or enforce our rights.

At the same time, we may be subject to claims that our products, solutions or business activities infringe the intellectual property rights of third parties, including patents, trademarks, copyrights or know-how, whether knowingly or unknowingly. Defending against such claims may be time-consuming, costly and disruptive, and may require us to obtain licenses, pay damages, modify or discontinue certain products or services or develop alternative solutions. In addition, the application and enforcement of intellectual property laws in the PRC and other jurisdictions remain subject to evolving interpretations, and there can be no assurance that courts or regulatory authorities will agree with our positions.

We also rely on trade secrets and confidential information that may not be protected by registered intellectual property rights. Despite the use of confidentiality, non-disclosure and other contractual arrangements, we cannot guarantee that our proprietary information will not be disclosed or misused by employees, business partners or third parties. Any loss of trade secrets or disputes over ownership of related know-how or inventions could compromise our competitive position and materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC property-related laws and regulations regarding certain of our leased properties and to renew our leases could adversely affect our business.

As of the Latest Practicable Date, some of our operations rely on leased properties and we had not registered some lease agreements of our leased properties with the relevant real estate administration bureaus in accordance with applicable laws and regulations in China. See "Business — Properties." As advised by our PRC Legal Advisor, the non-registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register. In addition, we may not be able to successfully extend or renew our leases upon their expiration at commercially reasonable terms, or at all, which could disrupt operations and lead to relocation costs. Renewing leases at substantially higher rents or losing favorable terms could adversely affect our business. As we expand, we may face difficulties finding suitable alternative locations, and any failure to relocate could have a detrimental effect on our business, financial condition and prospects.

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

PRC laws and regulations require us to participate in various employee benefit plans, including social insurance, housing provident fund and other welfare-oriented payment obligations, and to contribute to these plans in amounts equal to certain percentages of salaries up to the maximum amounts specified by local governments. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees, and engaged third-party human resource agencies to make such payments in certain locations. Such arrangements are not in strict compliance with relevant PRC laws and regulations and may subject us to administrative penalties. See "Business — Employees — Social Insurance and Housing Provident Funds." There can be no assurance that we will not be required to settle the outstanding amount within a specified time limit or be imposed late payment penalties, which may adversely affect our financial position and results of operations.

In addition, pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) that came into effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. During the Track Record Period, we had made social insurance contributions for all full-time employees. No arrangements were entered into with employees, nor were any commitments received from employees, to waive employees' entitlement to social insurance contributions. Furthermore, during the Track Record Period, we had not received any penalties imposed by social insurance authorities in relation to any such waivers or exemptions. As this interpretation reinforces the legal invalidity of any waiver of statutory social insurance obligations and underscores the importance of maintaining robust compliance and internal control measures to prevent potential disputes, we may be exposed to an increasing compliance burden and potential risk of future labor disputes, which could potentially affect our business, financial condition and results of operations.

We are subject to complex and evolving laws and regulations regarding privacy and data protection. Actual or alleged failure to comply with privacy and data protection laws and regulations could damage our reputation and subject us to significant legal, financial and operational consequences.

We collect, process and store various types of data in the course of our business, including satellite imagery procured from third-party data providers following the surrender of our Surveying and Mapping Qualification Certificate, as well as limited personal data obtained in connection with the sale and delivery of our products and solutions. Our data-related activities are subject to a complex and evolving regulatory framework in the PRC, including laws and regulations relating to data security, cybersecurity, personal information protection and the protection of state secrets and sensitive geographic information. See "Regulatory Overview – Regulations on Cyber Information Security, Data Security and Privacy Protection." These laws and regulations impose extensive and sometimes overlapping obligations on data collection, classification, storage, use, transmission and disclosure. Certain satellite imagery, surveying, mapping and geographic information data may be subject to heightened regulatory scrutiny or restrictions due to national security or public interest considerations. Any actual or alleged failure to comply with applicable privacy, data protection, cybersecurity or data confidentiality requirements, including those relating to personal information or sensitive satellite and geographic data, may result in investigations, administrative penalties, fines, suspension of relevant operations, civil liabilities or reputational damage. In addition, data security incidents, whether arising from internal failures, third-party misconduct or external attacks, may disrupt our operations, impair customer confidence and expose us to legal claims, even if such incidents are beyond our control.

We may be involved in lawsuits, claims, regulatory investigations or legal proceedings in our ordinary course of business.

From time to time, we may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labor disputes, antitrust, and infringement of intellectual property rights. If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, lawsuits, claims, disputes, regulatory investigations or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such lawsuits, claims, disputes, regulatory investigations or legal proceedings.

Our acquisition and investment activities and other strategic transactions may present managerial, integration, operational and financial risks, which may prevent us from realizing the full intended benefit of the acquisitions we undertake.

As part of our growth strategies, we may acquire additional assets, technologies or businesses that are complementary to our existing business. See "Business — Our Strategies — Strengthening Strategic Cooperation, Supply Chain Integration and Business Synergy." Any acquisition or investment may require significant management attention and resources and could divert focus from our existing operations. In addition, acquired businesses or assets may not perform as expected, and we may fail to realize the anticipated benefits. Acquisitions or investments may also involve substantial costs and risks, including the use of significant cash resources, equity dilution, increased indebtedness, goodwill or intangible asset impairments and exposure to unknown or contingent liabilities. We may also be required to obtain regulatory approvals or satisfy other legal requirements, which could increase costs and delay completion. Any failure to manage or integrate acquired businesses or investments effectively could materially and adversely affect our business, financial condition and results of operations.

Negative publicity and allegations involving us, our Shareholders, directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Negative publicity and allegations involving us, our Shareholders, directors, officers, employees and business partners, or the satellite market as a whole may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the products and solutions provided by us, thereby resulting in reduced sales volumes and revenues, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material and adverse effect on our business, financial condition and results of operations.

Our performance may suffer from business disruptions associated with information technology, system implementations, or catastrophic losses affecting our IT systems.

Our IT systems are critical to our business operations. See "Business — Information Technology System." Disruptions from human error, power failure, viruses, cyberattacks or unauthorized access could hinder customer access, compromise technical secrets, and harm our business and reputation. Furthermore, we must upgrade our IT systems to support growth, but cannot assure successful execution; upgrades may cause interruptions or integration issues, and system malfunctions could disrupt operations and data transmission, materially and adversely affecting our business, financial condition and results of operations.

Our insurance coverage may be inadequate to cover all losses or potential claims by our customers which would affect our business, financial condition and prospects.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. We consider our insurance coverage to be adequate as we maintain all the mandatory insurance policies required by PRC laws and regulations and, according to Frost & Sullivan, in accordance with the commercial practices in our industry. See "Business — Insurance." However, we cannot assure you that our insurance will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

Changes in environmental, social and governance compliance requirements could have an adverse impact on our business, operating results and financial condition.

With the rising awareness of environmental, social and governance ("ESG") issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. See "Business — Environmental, Social and Governance." There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and accordingly may have an adverse impact on our business, results of operations and financial performance.

We are subject to a variety of laws and regulations in respect of compliance.

We are subject to various laws and regulations, including anti-corruption, anti-money laundering and anti-bribery laws in China. If our compliance processes or internal control systems are not operating properly, we may be subject to investigations and proceedings by PRC authorities, which could result in fines or other liabilities and materially affect our business. If our subsidiaries, employees or other persons engage in fraudulent, corrupt or unfair practices or violate applicable laws, we could face enforcement actions, penalties, fines and sanctions, which may adversely affect our business, financial condition and prospects.

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

A significant natural disaster, such as an earthquake, fire, flood or pandemic, occurring at our headquarters or where a customer is located could adversely affect our business, financial condition and prospects. Further, if a natural disaster or man-made problem were to affect our suppliers, it could adversely affect the ability of our customers to use our products and solutions. In addition, natural disasters and acts of terrorism could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole. We also rely on information technology systems to communicate among our workforce and with third parties. Any disruption to our communications, whether caused by a natural disaster or by man-made problems, such as power disruptions, could adversely affect our business. We maintain incident management and disaster response plans. In the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our R&D activities or lengthy interruptions in production, any of which could adversely affect our business, financial condition and prospects.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and prospects.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the country where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. The satellite industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions and trade relationships. Any changes in these factors may have material and adverse effect on our business, financial condition and results of operations.

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

We are a PRC-incorporated company with substantially all business, assets and operations located in China. Most of our Directors and executive officers reside in China, and all their assets are located in China. As a result, you may not be able to directly effect service of process on us or such persons in China, including under U.S. federal or state securities laws. Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective January 29, 2024, a party with an enforceable final judgment from a designated Chinese or Hong Kong court may apply for recognition and enforcement in the relevant court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to foreign exchange regulations. We cannot guarantee sufficient foreign exchange to meet our needs. Under China's foreign exchange control system, current account transactions (e.g., dividend payments) do not require prior SAFE approval, but must be conducted at designated licensed banks with documentary evidence. Capital account transactions normally require SAFE approval or registration. Insufficient foreign exchange may restrict our ability to pay dividends or meet other foreign exchange obligations. Failure to obtain SAFE approvals for RMB conversion could materially and adversely affect our offshore capital expenditure plans and business, and expose us to administrative penalties and fines.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The exchange rate of Renminbi against the U.S. dollar and other foreign currencies fluctuates due to international political and economic conditions and market supply and demand. We cannot assure sufficient foreign exchange to meet our requirements. The [**REDACTED**] will be received in Hong Kong dollars. Renminbi appreciation against the U.S. dollar, Hong Kong dollar or other currencies may reduce the value of these [**REDACTED**], while Renminbi depreciation may adversely affect the value of dividends payable on our Shares in foreign currency. Limited instruments are available to hedge our foreign currency risk at reasonable costs. These factors could materially and adversely affect our business, financial condition, results of operations and prospects, and reduce the value of, and dividends payable on, our foreign currency Shares. Remittances of Renminbi into and out of China are subject to strict restrictions.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有 關問題的通知》) (Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the SAT, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通 知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉 讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

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

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

Under PRC law, dividends can only be paid from distributable profits, which are defined as after-tax profits under PRC GAAP less accumulated losses and statutory reserves. We may not have sufficient distributable profits to make dividend distributions to shareholders, even if our financial statements show profitability. Undistributed profits are retained for future use. Moreover, the calculation of distributable profits under PRC GAAP differs from IFRS. Our subsidiaries may have no distributable profits under PRC GAAP even if profitable under IFRS, and vice versa. This could limit the distributions we receive from subsidiaries, which may negatively impact our cash flow and ability to pay dividends to shareholders, even in profitable periods.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] market for our H Shares, an active trading market for our H Shares may not develop following the [REDACTED] and the liquidity and market price of our H Shares may be volatile.

Prior to the [**REDACTED**], there was no [**REDACTED**] market for our H Shares. We cannot assure you that a liquid, active market will develop or be sustained after the [**REDACTED**]. The [**REDACTED**] will be fixed by agreement between the [**REDACTED**] and us, and may not indicate the future market price. If an active market does not develop, the market price and liquidity of our H Shares could be materially and adversely affected, and their price and trading volume may be highly volatile. Factors beyond our control, such as variations in our prospects, changes in pricing policy, new technologies, strategic alliances, key personnel changes, analyst recommendations, credit rating changes, litigation, or the removal of share transaction restrictions, could cause large, sudden changes in our H Shares' trading volume and price. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility unrelated to the operating performance of any particular company.

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

The price and trading volume of our H Shares may be subject to significant volatility due to factors beyond our control, including political uncertainties in Hong Kong, general market conditions in Hong Kong and global securities markets, and the performance of similar businesses. In addition, our H Shares may be highly volatile due to specific business factors, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, supplier and customer relationships, key personnel changes, or competitor actions. Moreover, other PRC-focused companies listed on the Stock Exchange have experienced price volatility, and our H Shares may similarly be affected by changes in the overall political and economic conditions in Hong Kong, the PRC or elsewhere, which may not be directly related to our performance.

Future sales or issuances or perceived sales or issuances or conversion of substantial amounts of our securities in the public market following the [REDACTED], including any future [REDACTED] in China or conversion of our unlisted Shares into H Shares, could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

The price of our H Shares could decline due to future sales of substantial H Shares or related securities in the public market, the issuance of new securities, or the perception of such sales or issuances. Such sales may also materially and adversely affect our ability to raise capital on favorable terms. In addition, future securities issuances may dilute Shareholders' holdings, and new shares or linked securities may confer priority rights over H Shares.

A number of our [**REDACTED**] held by existing Shareholders are subject to contractual and/or legal disposal restrictions for a period after the [**REDACTED**]. Upon the lapse of these restrictions, future sales or perceived sales of substantial H Shares could negatively impact their market price and our ability to raise equity capital.

According to the State Council's securities regulatory authority and our Articles of Association, our Unlisted Shares may be converted into H Shares and listed or traded on an overseas stock exchange, provided that: (i) requisite internal approval processes (without class Shareholders' approval) are completed; and (ii) approval from relevant PRC regulatory authorities, including the CSRC, is obtained. Such conversion, trading and listing must also comply with PRC and overseas exchange regulations. We may apply in advance for the [**REDACTED**] of Unlisted Shares as H Shares to ensure prompt conversion. This could increase H Share supply, and future sales of converted H Shares may materially and adversely affect their trading price.

There will be a gap of two trading days between the [REDACTED] and trading of our H Shares, and the price of our H Shares when trading begins could be lower than the [REDACTED].

The initial [**REDACTED**] to the public of our H Shares sold in the [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, the H Shares will not commence trading on the Stock Exchange until they are delivered on the [**REDACTED**], which is expected to be two trading days after the [**REDACTED**]. As a result, investors may not be able to sell or deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could be lower than [**REDACTED**] before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the [**REDACTED**] and the [**REDACTED**].

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

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. Purchasers of our H Shares may experience further dilution if the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) exercise the [**REDACTED**]. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets would be distributed to Shareholders after the creditors' claims, and investors would receive less than the amount they paid for our H Shares. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Our Single Largest Group of Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the [**REDACTED**], our Single Largest Group of Shareholders will continue to have significant influence over our business and affairs, including decisions on mergers and acquisitions, disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. There may be a conflict between our Single Largest Group of Shareholders' interests and your interests. In addition, without the approval of our Single Largest Group of Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay, or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

We cannot guarantee when, whether and in what form or size we will 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 depends on various factors, including but not limited to our prospects, 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 — Dividends."

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.

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

Certain facts, forecasts and other statistics obtained from government publications, market data providers and other independent third-party sources, including the industry report, contained in this document may not be reliable in terms of accuracy, competence or reliance.

Certain facts, forecasts and other statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications or other third-party reports. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this document, however, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective directors, officers, representatives, employees, or advisors, or any other persons or parties involved in the [**REDACTED**] and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

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

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and investors should not place undue reliance on such forward-looking statements. All forward looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

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

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