You should carefully consider all of the information in this Document including the risks and uncertainties described below before making an investment in the [**REDACTED**]. *You should pay particular attention to the fact that we are a company incorporated in the Cayman Islands, our business is primarily conducted in China, and we are governed by a legal and regulatory environment that in some respects may differ from that prevailing in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could also decrease significantly due to any of these risks and you may lose all or part of your investment.*

Our operation involves certain risks and uncertainties, many of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the [**REDACTED**] and our Shares to caution you the risks associated with your investment decision.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a rapidly evolving industry. If we fail to continuously innovate our technology and provide useful solutions and products that meet the expectation of our customers, we may fail to retain existing customers and attract new customers in sufficient numbers, and our business, results of operations and prospects may be materially and adversely affected.

The industries for IoT solutions and telecommunication equipment in China where we operate and compete are constantly changing with innovations. For example, 5G technologies are expected to be iterated by the next generation of cellular technology, just as it have been iterating the previous generation of cellular technology. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. To remain competitive in IoT solutions and telecommunication equipment industries, we must continue to stay abreast of rapid technological developments and continuously evolving industry trends. In addition, any changes in use policies of IoT solutions and telecommunication equipment implemented by countries where our customers operate may have certain impacts on the development of new technologies. We may experience difficulties in developing new technologies as it is costly and time consuming, which in turn could delay or prevent the development, introduction or implementation of new products, services and enhancements. While we have invested a significant amount of time and money in research and development to date and made other efforts in response to these constant changes, but we can make no assurance that these efforts will generate our expected return, or any return at all. To the extent that we are unable to innovate our technology and enhance the functionality, performance, reliability, design, security, adaptability and scalability of our solutions and products in a manner that timely responds to our customers' evolving needs and copes with rapid technological developments, we may lose our customers and our business, financial condition, results of operations, and prospects may be materially and adversely affected. Nevertheless, we may not be able to leverage new technologies effectively or adapt our solutions to meet customer needs or emerging industry standards, and our technology approach might not align with our future development plans or even obsolete if we are unable to adapt in a cost-effective and timely manner to changing market conditions, whether for technical, legal, financial or other reasons.

Furthermore, uncertainties about the timing and nature of new technologies, or modifications to existing technologies, could delay introduction of our solutions and products, and increase our research and development expenses. Any failure of our solutions and products to operate effectively with future technologies could reduce the demand for our solutions and products, resulting in customer dissatisfaction and harming our business.

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

The industries in which we operate are highly competitive. We primarily compete with enterprises that focus on providing IoT solutions and telecommunication equipment, among which may also dedicate to developing and commercializing 5G technologies. In particular, certain large-scale enterprises are beginning to extend their footprints into the area of customized IoT solutions, which we primarily provided during the Track Record Period. Similar with the developing trend of the PRC IoT market, market players in private 5G network industry in the PRC are expected to expand exponentially. Our competitors may have longer corporate operating history, or have or in the future gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than us. In addition, as we expand into areas, namely private 5G network market, the basis for competition will be different and we are likely to face additional competitors. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or customer demand than us.

We may also face competition from new entrants who may offer lower prices or new technologies and products, and thus increase the level of competition in the future. Increased competition could result in lower sales, price reductions, reduced margins or loss of market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining top telecommunication scientists and innovative talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such measures will be effective. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

If the market for our solutions or telecommunication equipment fails to grow as we expect, or if our customers or potential customers fail to adopt our solutions or telecommunication equipment, our business, operating results, and financial condition could be adversely affected.

It is difficult to predict customer adoption rates and demand for our IoT solutions, the entry of competitive solutions, or the future growth rate and size of the IoT solution industry. Although the demand for IoT solutions has been growing in recent years, the market for these solutions continues to evolve. We cannot be sure that the market demand for IoT solutions in China will continue to grow or, even if it does grow, that businesses will adopt our solutions. In addition, to capture the market opportunities of private 5G network, we continue to develop and introduce private 5G network solutions, and will continue to invest considerable resources in developing private 5G network solutions. We cannot assure you that the market size of private 5G network in China will grow as we expect. Our future success will depend in large part on our ability to further penetrate the markets where we operate. Our ability to further penetrate such markets depends on a number of factors, including the cost, performance and perceived value associated with our IoT solutions, as well as customers' willingness to adopt our IoT solutions. We have spent, and intend to keep spending, considerable resources to educate potential customers about IoT and 5G technologies in general and our solutions in particular. However, we cannot be sure that these expenditures will help our solutions achieve any additional market acceptance. Furthermore, potential customers may be unwilling to invest in novel solutions. If the market fails to grow or grows slower than we expect or enterprises fail to adopt our IoT solutions, in particular, our private 5G network solutions, our business, operating results and financial condition could be adversely affected. In addition, we developed Universal IoT Platform as one of our core business capabilities of our IoT solutions during the Track Record Period. However, we cannot assure you that our competitor will not develop similar platform to compete with us, which may weaken our competitiveness in the PRC IoT market to some extent.

In addition, similar with the market for IoT solutions, the market for our telecommunication equipment is also unpredictable and evolving. If the market demand for our telecommunication equipment in the PRC is not grow as we expect, or we fail to capture the evolving market trends by developing new equipment or upgrading current technologies in a timely manner, the sales of our telecommunication equipment may decrease, our business, operating results and financial condition could be adversely affected.

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

We commenced operations in 2012 and have achieved tremendous growth during the Track Record Period. Our total revenue increased by 57.5% from RMB80.9 million in 2019 to RMB127.4 million in 2020, and further increased to RMB189.6 million in 2021. Our total revenue increased by 56.2% from RMB53.1 million for the five months ended May 31, 2021 to RMB82.9 million for the same period in 2022. We have strategically introduced 5G technologies into our business and generated revenue from it since 2019. Revenue generated from 5G technologies-related solutions, equipment and services reached RMB2.0 million, RMB69.5 million, RMB72.9 million and RMB51.0 million, representing 2.4%, 54.5%, 38.4% and 61.5% of our total revenue in 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth prospects should be considered in light of the risks and uncertainties that fast-growing companies with a limited operating history may encounter, including, among other things, risks and uncertainties regarding:

- China's overall economic growth;
- technology development of telecommunication industry;
- accumulation of telecommunication experts in China;
- awareness of enterprises to deploy 5G telecommunication devices;
- our investment in technology innovation and private 5G network solutions;
- our ability to recruit qualified professionals and staff;
- our ability to attract and retain our customers;
- our ability to create value for customers with our private 5G network solutions;
- our ability to manage our costs and enhance operating leverage;
- our ability to expand into new industry verticals and launch new products and services;
- our ability to further expand into international markets;
- our ability to adapt to evolving regulatory environment; and
- our ability to successfully compete with other companies that are currently in, or may in the future enter, the industries and verticals we have entered.

All of these endeavors involve risks and will require significant research and development expenses, operating expenses, capital expenditure and allocation of valuable management and employee resources. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies. If the market for our solutions and products does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

We are exposed to credit risk in relation to defaults of our customers, which could adversely impact our financial condition, results of operations and operating cash flow.

We are exposed to credit risk related to defaults of our customers. As of December 31, 2019, 2020 and 2021 and May 31, 2022, our trade receivables amounted to RMB74.6 million, RMB122.3 million, RMB140.8 million and RMB166.5 million, respectively, representing 62.2%, 74.2%, 39.9% and 72.5% of our total assets as of the same dates, respectively. As of December 31, 2019, 2020 and 2021 and May 31, 2022, our impairment losses recognized on trade receivables amounted to RMB6.4 million, RMB11.2 million, RMB22.4 million and RMB23.1 million, respectively. Our trade receivables turnover days were 266 days, 308 days, 286 days and 321 days, respectively, for the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022. We may not be able to collect all such trade receivables due to a variety of factors that are beyond our control. For example, if the relationship between us and any of our customers is terminated or deteriorated, or if any of our customers experience financial difficulties in settling the trade receivables, our corresponding trade receivables recoverability might be adversely affected. Our trade receivables balance may continue to grow alongside our business expansion, which may increase our risks for uncollectible receivables. If we are unable to collect our trade receivables from our customers, our business, financial condition and results of operation may be materially and adversely affected. In addition, increase in our trade receivables might result in an increase of our impairment loss on trade receivables and might also cause working capital pressure for us, which may in turn adversely affected our business, financial condition and result of operations.

In addition to trade receivables, we are also exposed to credit risk in relation to the recoverability of contract assets. Contract assets refer to our right to considerations in exchange for goods or services that we have transferred or rendered to our customers. Contract assets will be converted into trade receivables upon our satisfaction of all contract obligations upon the end of warranty period. Revenue that we are able to derive from a project/transaction may be higher or lower than the contract value due to factors including recoverability of contact assets. We recorded RMB1.1 million, RMB1.0 million, RMB8.2 million and RMB9.1 million as contract assets as of December 31, 2019, 2020 and 2021 and May 31, 2022, respectively, which were primarily attributable to the unexpired warranty period we provided for each project and transaction. As of December 31, 2019, 2020 and 2021 and May 31, 2022, our impairment losses recognized on contract assets amounted to RMB43,000, RMB41,000, RMB0.3 million and RMB0.3 million, respectively. While we estimate that the amount of loss allowance for expected credit loss on contract assets based on reasonable and supportable forward-looking information that is available without undue cost or effort, we cannot assure you that we will be able to recover the full amount of contract assets, failure of which might materially and adversely affect our financial performance and position.

We may be unable to obtain new contracts from our main contractor customers, or to claim payment from them successfully.

During the Track Record Period, certain of our customers are main contractors of IoT solution projects, who sub-contracted a pre-defined section of the project to us. Since the main contractor customers are not the project owner, we cannot assure you that they will continue to sub-contract the project to us in the future. If such customers cease to sub-contract part of their projects to us, our business, financial condition and result of operation may be adversely affected. In addition, we may face difficulties in claiming the due payment from our main contractor customers since they generally do not make the payment until settling their payments with the project owners, which may increase our credit risk, and could adversely affect our revenue, gross margin, profitability, financial condition and cash flow. As such, if we are unable to improve the gross margin of our 5G solutions in the future, our profitability might be adversely affected.

We derive a significant portion of our revenue from our top five customers, and any decrease or loss of business with them could adversely affect our business.

Our revenue generated from our top five customers amounted to RMB56.9 million, RMB104.5 million, RMB123.4 million and RMB75.9 million for the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively, accounting for 70.2%, 81.9%, 65.1% and 91.5% of our total revenue for the same periods, respectively. Revenue generated from our largest customers amounted to RMB16.9 million, RMB40.5 million, RMB42.0 million and RMB44.2 million for the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively, accounting for 20.9%, 31.8%, 22.2% and 53.3% of our total revenue for the same periods, respectively.

There is no assurance that we would be able to maintain good business relationships with our major customers in the future. As we generally do not enter into long-term contracts with our top five customers, our top five customers are not obliged to continue their purchase agreements with us at a level similar to those in the past or at all. Many of our IoT solution projects are one-off services. There is no guarantee that they will not reduce their purchases from us in the future or take actions to exploit their comparably superior bargaining position in negotiating the terms of agreements. Upon completion of our agreements on hand with these major customers, if we are unable to secure new agreements or have not commenced work for any of our new agreements, our revenue and profitability may be adversely affected. If any of our major customers ceased to purchase from us or reduced significantly their purchases in the future due to reasons such as loss of market share, reduced competitiveness, trade restrictions, changes in business strategies or plans, deterioration in their business relationship with us, operational difficulties and deterioration in financial condition, or if we are unable to renew our contracts with our customers or identify new customers promptly or at all, our sales volume may significantly decrease, which may materially and adversely affect our business, results of operations, financial condition and prospects.

We could be adversely and materially affected as a result of business activities with certain entities or in countries or territories that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdoms, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia (together, the "**Relevant Jurisdictions**"), have, through executive order, legislations or other government means, implemented measures that impose economic sanctions against certain countries, regions or targeted industry sectors, groups of companies or persons, and/or organizations within such countries and regions.

During the Track Record Period, we exported our vehicle mounted antenna products to Russia (excluding Crimea) via a Russian distributor and provided IoT solutions to (i) a customer in the PRC, who was designated by the BIS on the Entity List and is restricted from receiving items subject to the United States Export Administration Regulations; and (ii) a customer in the PRC, who was designated by the U.S. Treasury Department on the Non-SDN Chinese Military-Industrial Complex Companies List with relevant sanctions (collectively, the "**Relevant Customers**").

Although (i) as advised by Hogan Lovells, (a) our activities during the Track Record Period do not implicate restrictions under International Sanctions; and (b) the involvement by parties in the [**REDACTED**] will not implicate any applicable International Sanctions on such parties, and (ii) our Directors confirm that we had not been notified that any International Sanctions had been or would be imposed on us for our sales and/or deliveries to the countries subject to International Sanctions during the Track Record Period and up to the Latest Practicable Date. We cannot predict the interpretation or implementation of government policy at the United States federal, state or local levels or the interpretation or implementation of any policy by the European Union, the United Kingdom, the United Nations or the Government of Australia or by the governments or agencies of other applicable jurisdictions with respect to any current or future activities by us or our affiliates in these countries or regions. See "Business — Legal Proceedings and Compliance — Business Activities with Entities and/or in Countries or Territories Subject to International Sanctions." Our business and reputation could be adversely affected if any of our activities is determined to constitute violations of the sanctions imposed by Relevant Jurisdictions. We may have to cease our business relationships with the Relevant Customers, as a result of which our financial results may be materially and adversely affected. In the event that any of our customers becomes subject to economic sanctions in the future, we may have to discontinue our business with such customers due to potential economic sanctions liability risks. In such events, our financial results may be materially and adversely affected.

Default or misconduct of our Russian distributor may expose us in potential risks in relation to International Sanctions.

On August 19, 2022, we entered into a supplementary agreement with our Russian distributor (the "**Supplementary Agreement**"), under which our Russian distributor provided that it would not take any actions, including the sale, distribution or delivery of any products of our Group covered in the framework distribution agreement entered into between the Russian distributor and us, that would cause our Group or the Russian distributor to violate any applicable sanctions. In addition, our Russian distributor provided us with an annual sales certificate on August 19, 2022, confirming that it had not taken any such actions as discussed above as of the date of this certificate. Under such circumstances, we plan to complete our existing purchase orders received from the Russian distributor. However, we cannot predict the compliance of our Russian distributor to the Supplementary Agreement. Failure in complying with the Supplementary Agreement by our Russian distributor may cause our Group to violate International Sanctions, in turn, our business and reputation could be adversely affected. Furthermore, we may have to discontinue our business with the Russian distributor before we complete the existing purchase orders from it due to the potential economic sanction risks. In such events, our financial results may be materially and adversely affected.

Our brands are integral to our success. If we fail to effectively maintain, promote and enhance our brands, our business and competitive advantages may be harmed.

We believe that maintaining, promoting and enhancing our key brand, namely HowKing Tech, is critical to our business. Maintaining and enhancing our brands depend largely on our ability to continue to provide high-quality, well-designed, useful, reliable and innovative IoT solutions and telecommunication equipment, which we cannot assure you we will do successfully.

We believe the importance of brands recognition will increase as competition in our market increases. In addition to our ability to provide reliable and useful IoT solutions and telecommunication equipment at competitive prices, successful promotion of our brands will also depend on the effectiveness of our marketing efforts. We market our IoT solutions and telecommunication equipment through our in-house sales force, as well as customers' word-of-mouth referrals. Our efforts to market our brand have incurred significant costs and expenses and we intend to continue such efforts. We cannot assure you, however, that our selling and marketing expenses will lead to increases in revenue, and even if they do, such increase in revenue may not be sufficient to offset the expenses incurred.

If we are unable to ensure compatibility of our solutions with a variety of terminals, telecommunication devices and infrastructures developed by others, including our partners, we may become less competitive, and our results of operation may be harmed.

Our IoT solutions may be integrated with a variety of terminals and telecommunication devices and should operate based on telecommunication infrastructures. As a result, we need to modify and enhance our IoT solutions to adapt to changes in telecommunication technologies in a timely and cost-effective manner. In addition, we should enhance our Universal IoT Platform, which plays as the centralized data platform in our IoT solutions and connects with terminals in the lower layer and applications in the upper layer, by improving its compatibility to connect all kinds of terminals in the lower layer and transfer unified data format to the applications in the upper layer. Compatibility of our solutions and telecommunication devices and infrastructures developed by others is critical to the performance of our solutions. Failure to ensure compatibility of our solutions may negatively affect our competitive edge, and our business results of operations and financial condition would be harmed.

We rely on proper operation and maintenance of Internet infrastructure and telecommunications networks in the PRC. Any malfunction, capacity constraint or operation interruption may have an adverse impact on our business.

Currently, many of our services and sales of products operate through the Internet infrastructure and telecommunication networks in the PRC. Therefore, our business depends on the performance, reliability and availability of the Internet infrastructure and telecommunication networks in the PRC. The functions of our services and products depend on telecommunication carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our ability to provide products and services could be adversely affected. Access to Internet in the PRC is maintained through state-owned telecommunications carriers under administrative control, and our customers use our product and service through connecting the networks operated by such telecommunications carriers. The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our services and products. Service interruptions would cause the operation of our services and products being suspended, and frequent interruptions could frustrate customers and discourage them from using or purchasing our services or products, which could cause us to lose customers and harm our operating results.

Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyberattacks. Our reputation, business and results of operations may be harmed by service disruptions or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.

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. Our technology infrastructure may be vulnerable to damage or interruption caused by telecommunication failures, power loss, human error or other accidents. 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 solutions. It may be difficult for us to respond to such interruptions in a timely manner, or at all. Such interruptions may affect the ability of customers to use our solutions, which would damage our reputation, reduce our future revenues, harm our future profits, subject us to regulatory scrutiny and lead our customers to seek alternative solutions.

Furthermore, our infrastructure is also vulnerable to damages from fires, floods, earthquakes and other natural disasters, power loss and telecommunications failures. Any network interruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our customer satisfaction, which in turn could adversely affect our reputation, business and financial condition.

We involve third parties in our operations to supply certain components of our products and manufacture, assemble, test, package and deliver certain of our products. Such arrangements may reduce our control over supply sufficiency, product quantity and quality, development, enhancement and product delivery schedule and could harm our business.

We engage suppliers and contract manufacturers to supply certain components of our products and produce, assemble and test our products. We have also outsourced much of our transportation and logistics management, including packaging and delivery of our products. While these arrangements may lower our operating costs, they may also reduce our direct control over production and distribution. We may experience operational difficulties with our suppliers, contract manufacturers and logistics service providers, including supply shortage, reductions in the availability of production capacity, failures to comply with product specifications, insufficient quality control, failures to meet production deadlines, increases in assembling costs and longer lead time required. For example, supply shortages for semiconductors broadly in the market, as occurred in 2021, may have an impact on the supply of semiconductors for our 5G telecommunication equipment. Our suppliers, contract manufacturers and logistics service providers may experience disruptions in their production and assembly 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, contract manufacturers or logistics service providers or identify substitute partners who are capable of supplying services, components and assembly capacities for new products we target to launch in the future. 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, contract manufacturers and logistics service providers to perform their responsibilities or to be in compliance with all applicable laws and regulations may have a material negative impact on our cost or supply of components or finished goods. In addition, assembly or logistics in our primary locations or transit to final destinations may be disrupted for a variety of reasons including, but not limited to, natural and man-made disasters, information technology system failures, commercial disputes, military actions or economic, business, labor, environmental, public health, or political issues.

We may fail to maintain or renew relationships with our distributor, or further expand our network of distributors.

We rely on Russian distributor to distribute our vehicle mounted antennas in Russia, as such Russian distributor has strong customer base and familiarity in such market. We also engage our Russian distributor to provide customer service to the end-users, leveraging its strong technical background. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, revenue generated from our Russian distributor amounted to RMB13.2 million, RMB13.2 million, RMB24.3 million and RMB2.5 million, respectively, representing 16.3%, 10.3%, 12.8% and 3.0% of our total revenue generated during the same period, respectively. Our ability to maintain and expand our business will depend on our ability to maintain effective distributor networks that ensure timely distribution of our antenna products to the relevant markets where we generate market demand through our sales and on our distribution agreement to manage our distributor. However, our Russian distributor is a third party over whom we have limited control. Moreover, we typically enter into framework agreement with our distributor, who places separate purchase order as needed. Our distributor might elect not to make any purchase order, renew their agreements with us or otherwise terminate their business relationships with us for various reasons. In addition, if the purchase orders placed by our distributor are not delivered as scheduled due to reasons beyond our control, we may not receive corresponding payments in time or at all, which may have adverse impact on our financial positions and results of operations.

In 2019, 2020 and 2021, our Russian distributor was among our five largest customers. We believe alternative distributors are readily available overseas. However, if our Russian distributor voluntarily or involuntarily suspends or terminates its relationship with us, or we are otherwise unable to maintain and expand our distributor network effectively, our sales volume and business prospects could be adversely affected. In addition, the rolling forecast provided by our Russian distributor may not be accurate, which may result in an unmatched projection of the production and sales volume of our telecommunication equipment. Furthermore, the demands of our telecommunication equipment may also be affected by the operation conditions of our Russian distributor. If our Russian distributor experiences any operation difficulties, our sales of telecommunication equipment business could be adversely affected.

Our international business is subject to various risks and uncertainties. If we are unable to manage the risks presented by our expansion in international markets, our financial results and future prospects may be adversely impacted.

For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, revenue generated from our international business amounted to RMB20.5 million, RMB23.6 million, RMB39.8 million and RMB6.6 million, respectively, representing 25.2%, 18.5%, 21.0% and 7.9% of our total revenue generated during the same period, respectively. We expect to expand further into international markets, and may subject ourselves to the following risks:

- challenges in providing products, services and support, in recruiting personnel in international markets, and in managing sales channels and distribution networks effectively;

- revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive products and services, downward pressure on our selling price and any other inherent risks associated with our international business operations;

- challenges in commercializing our solutions and products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure;

- difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain permits, licenses and approvals necessary to manufacture or import, market and sell products in or to various jurisdictions;

- potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights;

- differences in accounting treatment in different jurisdictions, potential adverse tax implications and foreign exchange losses;

- challenges in credit and collectability risk on our trade receivables with customers in certain international markets;

- inability to effectively enforce contractual or legal rights;

- changes in laws, regulations and policies, such as policies on usage restrictions of the PRC telecommunication or 5G equipment and trade tariffs imposed on PRC-originated equipment, as well as political, economic and market instability or civil unrest in the relevant jurisdictions; and

- international activities including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability.

In particular, our vehicle mounted antennas are sold in Russia. Wars in Ukraine might have negatively impact on our product sales in Russia. Since there are substantial uncertainties in the development of wars and the situations in Ukraine and Russia, we are unable to predict our sales in Russia, or the business operation conditions of our Russian distributor. With respect to removing certain Russian banks from SWIFT system, although our Russian distributor currently settles the payment with us through its overseas bank account, we are unable to ensure there will not have any negative impacts for our Russian distributor to purchase antennas from us, otherwise it might have to switch to other payment options. In general, taking into account the product we sell to Russian distributor and the current payment arrangement, we do not expect wars in Ukraine or sanctions against Russia will result in material adverse impact on our overall business operations. However, we are unable to predict how the wars in Ukraine and sanctions against Russia will develop. Any deterioration of the situation in Ukraine and Russia in the future may have material negative impact on our business operations, results of operations and financial condition.

If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

The current tensions in international trade and rising political tensions, particularly between the United States and China, may adversely impact our business, financial condition and results of operations.

International market conditions and the international regulatory environment have historically been affected by competition among countries and geopolitical frictions. Changes to trade policies, treaties and tariffs, or the perception that these changes could occur, could adversely affect the global financial and economic conditions. There have been political matters that resulted in increased tensions between the United States and China. In particular, the United States government imposed restrictions on certain China's chip manufacturers, determining that unacceptable risk equipment supplied to these manufacturers could potentially be used for military purpose. Under the restrictions, the suppliers were barred from exporting the chip without an export license. In addition, China has implemented and may further implement measures in response to new trade policies, treaties and tariffs initiated by the United States government. Such measures may further escalate the tensions between the countries or even lead to a trade war. Any further escalation in trade tensions between the United States and China or a trade war, or the perception that such escalation or trade war could occur, may have negative impact on the economies of not only the two countries concerned, but the global economy as a whole. As a result, our business, results of operations and prospects would be adversely affected.

Export control and economic or trade restrictions that were imposed on a number of entities may affect our business, financial conditions and results of operations.

In recent years, the U.S. government imposed targeted economic and trade restrictions on a number of Chinese companies and institutions that limit their access to U.S.-origin goods, software and technologies (collectively, "**Items**"), as well as items that contain a significant portion of certain U.S.-origin Items or are a direct product of certain U.S.-origin Items. Although we did not conduct business with these entities during the Track Record Period and up to the Latest Practicable Date, we cannot assure you that any changes of regulations and policies regarding export controls would not have any impact on our business operations.

U.S. export controls and trade laws and regulations are complex and likely subject to frequent changes, and the interpretation and enforcement of the relevant regulations involve substantial uncertainties, which may be driven by political and/or other factors that are not within our control or that are heightened by national security concerns. If any potential restrictions, any associated inquiries or investigations, or any other government actions occur, they may be difficult or costly to comply with and may, among other things, delay or impede the development of our technology and solutions, and hinder the stability of our supply chain. They could also result in negative publicity, require significant time and attention of the management and subject us to fines, penalties or orders that we cease or modify our existing business practices, if they occur. Any of these events may have a material and adverse effect on our business, financial conditions and results of operations.

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

Leveraging our market position in the IoT solution market and our core technologies, we are able to provide customized IoT solutions to address diversified needs of our customers across different verticals. Expanding into new verticals involves new risks and challenges. Unfamiliarity with new verticals may make it more difficult for us to keep pace with evolving customer demands and preferences. In addition, there may be one or more existing market leaders in any verticals that we decide to expand into. Such companies may be able to compete more effectively than us by leveraging their experience in doing business in that vertical as well as their deeper industry insight and greater brand recognition. We could be subject to additional regulatory restrictions that are relevant to these businesses. Expansion into any new vertical may place significant strain on our management and resources, and failure to expand successfully could have a material adverse effect on our business and prospects.

If we fail to obtain and maintain the requisite licenses and approvals required under the regulatory environment applicable to our business, or if we are required to take actions that are time consuming or costly in order to obtain and maintain such licenses and approvals, our business, financial condition and results of operations may be materially and adversely affected.

Under the current PRC regulatory scheme, a number of governmental authorities, including but not limited to MIIT and its local bureau and SAMR, jointly regulate major aspects of our industries.

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. Considerable uncertainties exist regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws and regulations currently in effect due to changes in the relevant authorities' interpretation of these laws and regulations. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, such as confiscation of the revenue that was generated through the affected operations, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial condition and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws or regulations, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Our exchange, return and warranty policies may adversely affect our results of operations.

Our policy allows products with defects to be returned and exchanged by our customers. In addition, we offer a limited warranty for our solutions. Under the terms of our sales arrangements with our customers, we generally provide product warranties depending on the products and customers' specific requirements, such that the warranty period varies on a case-by-case basis. We generally provide technical support and upgrade services for our IoT solution customers for one year, helping them fix the technical errors and upgrade their systems after deploying our solutions. For telecommunication equipment provided in our integrated IoT solutions, we typically offer our customers with warranty period ranges from six months to one year upon acceptance of our solutions. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. These policies improve user experience and promote user loyalty, which in turn help us acquire and retain customers. However, these policies also subject us to additional costs and expenses which we may not recoup through increased revenue. Even though we had not experienced any product returns during the Track Record Period, we cannot assure you that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

We recorded negative cash flow from operating activities during the Track Record Period and may be subject to liquidity risks, which could constrain our operational flexibility and materially and adversely affect our business, financial condition and results of operations.

We recorded negative operating cash flow of RMB3.7 million, RMB13.9 million and RMB4.8 million in 2019 and 2020 and the five months ended May 31, 2022, respectively. Our operating cash outflow primarily comprises payments for procuring raw materials, OEM expenses, research and development expenses, employee benefit expenses, and other operating expenses incurred during our daily operation. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flows — Operating Activities."

We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We have been investing on our research and development, and such investment may negatively impact our profitability in the short term and may not generate the results we expect to achieve.

The industries in which we operate are subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in research and development to lead technological advancement in order to make our solutions and products innovative and competitive in the market. As a result, we continuously invested on our research and development and incurred R&D expenses of RMB7.7 million, RMB7.0 million, RMB9.8 million and RMB5.3 million in 2019, 2020 and 2021 and the five months ended May 31, 2022, respectively. We expect that our research and development expenses will continue to increase in absolute amount. Furthermore, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research and development results. Our significant expenditures on research and development may not generate corresponding benefits. To further enhance our R&D capabilities, we also cooperate with an external institution to leverage their academic background and laboratory equipment. However, we cannot assure you that we are able to maintain or renew such cooperation with the existing institution or enter into any new cooperation relationships with other institutions in the future. We may loss the external technical and equipment support. In addition, we may also face difficulties in recruiting qualified professionals under the fierce talent competition. Failure to retain current talents or recruit new talents may have adverse effect on our R&D capabilities. Given the fast pace with which the technology has been and will continue to develop, we may not be able to timely upgrade our technologies in a cost-effective and timely manner, or at all. New technologies in our industries could render our technologies, our technological infrastructure or solutions that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related research and development costs, which could result in a decline in our revenues, profitability and market share.

We are exposed to changes in the fair value of our financial assets.

Our results of operations are affected by changes in the fair value of our financial assets. As of December 31, 2019 and 2020 and May 31, 2022, our financial assets at fair value though profit or loss were RMB26.1 million, RMB1.3 million and RMB5.0 million, respectively. We did not have any financial assets at fair value though profit or loss as of December 31, 2021. Although our financial assets include short-term wealth management products, which were issued by banks in the PRC with no fixed maturity term and can be redeemed on demand at our discretion, we are subject to credit risk arising from such wealth management products and may not be able to recognize fair value gains from such financial assets in the future.

We may need to recognize impairment loss on prepayments, other receivables and other assets, which could adversely affect our financial position.

We recorded prepayments, other receivables and other assets of RMB0.8 million, RMB1.4 million, RMB103.1 million and RMB8.4 million as of December 31, 2019, 2020 and 2021 and May 31, 2022, respectively. Our prepayments, other receivables and other assets primarily comprise prepayments to our suppliers, deferred [**REDACTED**], deductible input value-added tax, due from a director, due from a related party, deposit and other receivables and due from shareholders during the Track Record Period. If our suppliers fail to provide relevant products to us, or relevant directors, related parties or shareholders fail to repay their loans/advances from us in a timely manner or at all, we may be exposed to prepayment default risk and impairment loss risk in relation to prepayments, other receivables and other assets, which may in turn adversely affect our financial position. We conduct assessments on the recoverability of prepayments, other receivables and other assets based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, current economic trends and to a certain extent, the larger economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. However, there is no assurance that our expectations or estimates will be entirely accurate for the future, as we are not in control of all the underlying factors affecting such prepayments, other receivables and other assets. Therefore, if we are not able to recover the prepayments, other receivables and other assets as scheduled, our financial position and results of operations may be adversely affected. For details, see "Financial Information — Certain Balance Sheet Items — Prepayments, other receivables and other assets."

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial positions in the future.

As of December 31, 2019, 2020 and 2021 and May 31, 2022, our deferred tax assets amounted to RMB2.4 million, RMB2.3 million, RMB4.0 million and RMB4.2 million, respectively. Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial positions in the future.

We face inventory obsolescence risks. Our results of operations could be materially harmed if we are unable to accurately forecast demand for our products.

Our inventories comprise raw materials, work in progress and finished goods. As of December 31, 2019, 2020 and 2021 and May 31, 2022, we had inventories of RMB2.1 million, RMB3.1 million, RMB2.5 million and RMB3.3 million, respectively. Maintaining an optimal level of inventory is important for the success of our business. However, we are exposed to inventory obsolescence risks as a result of a variety of factors beyond our control, including, among others, changes of customer needs and the inherent uncertainty of the success of product launches. We regularly track our inventory to keep it at a level sufficient to fulfill customers' orders. However, we cannot assure you that we can accurately predict these trends and events and avoid under-stocking or overstocking inventory, or that our inventory management measures will be implemented effectively so that we will not have significant levels of inventory obsolescence, shortage or excess. As a result of unforeseen or sudden events, we may experience slow movement of our inventories, fail to utilize or sell our inventories swiftly, or face the risk of inventory obsolescence, and our business, results of operations, financial condition and prospects may be adversely affected.

Our performance is subject to seasonal fluctuations.

Provisions of IoT solutions are subject to seasonality. For the years ended December 31, 2019, 2020 and 2021, 78.3%, 89.8%, 62.0% of our total annual revenue were generated in the second half, respectively. The situation was mainly due to the fact that during the Track Record Period, most orders for our IoT solutions were confirmed in the second half of the year. As a result, most IoT solutions were completed in the second half of the year, leading to more concentrated revenue recognition in the same period. On the other hand, some components of our costs and expenses such as rental expenses and staff costs are relatively fixed in nature and not affected by the seasonality impact. If we fail to manage the seasonality effect and our relatively fixed costs and expenses structure, our financial performance may be adversely affected.

We are subject to risks associated with changes in government grants and preferential tax treatment.

We have received various types of government grants in the past. For the years ended December 31, 2019, 2020 and 2021 and the five months ended May 31, 2022, we recognized government grants of RMB1.2 million, RMB3.5 million, RMB3.8 million and RMB0.4 million, respectively. However, the timing, amount and conditions of government economic incentives are within the sole discretion of relevant governmental authorities. In addition, governmental authorities may require us to perform certain contractual obligations before we could receive government subsidies. However, there can be no assurance that we could fully satisfy these conditions or perform such obligations, and it is possible that such governmental authorities may stop subsidizing us.

In addition, some of our subsidiaries currently enjoy preferential tax treatments. For example, Nanjing Howking and Shenzhen Wulian are recognized as High and New Technology Enterprises and entitled to a preferential income tax rate of 15%.

There is no assurance that the government grants and preferential tax treatments will remain at the same level in the future, or that we will continue to be eligible for these government grants or preferential tax treatments. If such government grants reduce or becomes discontinued, or our preferential tax treatments are terminated or reduced, our profitability, financial condition and results of operations may be materially and adversely affected.

Various evolving PRC laws and regulations regarding cybersecurity and data privacy may affect our business.

In recent years, cybersecurity, data security, data and personal information protection have become the increasing regulatory focus of government authorities across the world. The PRC Government has enacted a series of laws, regulations and governmental policies governing such areas in the past few years and recently. Such regulatory requirements on these areas are constantly evolving and can be subject to varying interpretations, or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard.

We primarily offer IoT solutions and telecommunication equipment to our customers. In particular, we provide enterprise-level IoT solutions to organizations rather serve individuals. Any data collected or transmitted within our solutions is reserved or stored in the server or cloud server designated by our customers, which is under control of our customers, and we cannot access such data without consent by customers. As such, we do not own data of personal information and do not involve in processing personal information in the course of our business. Therefore, the current PRC laws and regulations in relation to data protection and privacy will not have material and negative effect on our regulatory compliance with applicable laws and regulations.

However, if we engage in data processing activities in the future thus should fulfill applicable obligations accordingly or, that any additional requirement of data protection and privacy will be imposed on us in connection with our current and future business, we may incur additional costs and obligations to comply with applicable laws and regulations, and establish and maintain additional internal compliance policies. If we are unable to manage these risks, we may become subject to penalties and fines, and our reputation and results of operations could be materially and adversely affected.

The COVID-19 pandemic has adversely affected, and may continue to adversely affect our business, operating results and financial condition.

Since early 2020, the PRC and elsewhere in the world have been affected by the COVID-19 outbreak, and in response, governments have implemented, among other measures, restrictions on mobility and travel and cancellation of public activities to contain the spread of the virus, including quarantines of our employees, closures of our offices or assembly and testing centers, lock-down of certain cities or regions, and import and export restrictions. As a result, in the first half of 2020, our operations had to a certain extent been impacted by delays in business activities, commercial transactions and general uncertainties surrounding the duration of the governments' extended business and travel restrictions. In particular, the PRC has recently experienced upticks in cases that have prompted selective restrictions in affected regions, such as Shenzhen. Certain travel restrictions, lock-down measures and other limitations were imposed in various places in response to these new cases.

We took a series of measures in response to the outbreak to protect our employees, including, among others, temporary closure of our offices, remote working arrangements for our employees, and travel restrictions or suspension. These measures temporarily reduced the capacity and efficiency of our operations. We also provided our employees with masks, hand sanitizers and other protective equipment immediately after the outbreak, which had increased and may continue to increase our operations and support costs. In addition, our business operations could be disrupted if any of our employees is suspected of contracting COVID-19 or any other epidemic disease, since our employees could be quarantined, and our offices may have to be shut down for disinfection. Furthermore, as social and work gatherings were banned, mandatory quarantine requirements were imposed and public transportation was suspended in certain cities where our offices and facilities were located, a portion of our employees have been working remotely and our operations in those regions have been interrupted to the extent that onsite services of our employees were required.

Although during the Track Record Period and up to the Latest Practicable Date, none of our employees had been confirmed infected with COVID-19, we temperately closed our offices and arranged remote working for our employees in August 2021 after the outbreak of Delta variant in Nanjing where our headquarters locate, and temporarily closed our Shenzhen offices and suspended our assembly and testing center in Shenzhen for a period of seven days in March 2022 due to the outbreak of Omicron variant in Shenzhen. The extent to which the COVID-19 pandemic may continue to affect our operations and financial performance will depend on future developments, including the duration and severity of the pandemic, the progress in administration of COVID-19 vaccines and development of new drugs and vaccines, and government measures to contain the pandemic, all of which are highly uncertain and beyond our control. Our operations could be disrupted if any of our employees were suspected of infecting COVID-19 or any of the epidemic diseases. While we believe the impact on our business due to the outbreak of COVID-19 was limited, it is hard for us to quantify the impact and estimate the extent to which the COVID-19 outbreak impacts our long-term results.

Pandemics and epidemics, natural disasters, terrorist activities, political unrest and other outbreaks may disrupt our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In recent years, there have been outbreaks of epidemics globally. In addition to the impact of COVID-19 as described above, our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods; the outbreak of other widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, Ebola or Zika; or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic illness or other adverse public health developments in the countries and regions we operate in could materially disrupt our business and operations. Such events could also significantly affect our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and prospects. Our operations could be disrupted if any of our employees are suspected of having any of the epidemic illnesses, since this could require us to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenues could be materially reduced to the extent that a natural disaster, health epidemic or other outbreak harms the Chinese or global economy in general. Our operations could also be severely disrupted if our customers, suppliers or other business partners were affected by such natural disasters, health epidemics or other outbreaks.

We may be subject to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, riots, political and military upheavals and other outbreaks in the country or region where we have our operations or where a portion of our customers are located. Such events could significantly disrupt our operations and negatively impact our business, financial condition, results of operations and prospects.

Our success depends on the continuing efforts of our senior management and key personnel, as well as a competent pool of talents who support our existing operations and future growth. If our senior management is unable to work together effectively or efficiently or if we fail to recruit, retain, train and motivate such personnel, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

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

In addition, we believe that our future success also depends on our continuing ability to attract, recruit and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch research and development team to develop our advanced technologies and solutions, and our experienced sales personnel to maintain relationships with our customers. Qualified individuals are in high demand, particularly in telecommunication industry, and we may have to incur significant costs to attract and retain them. Moreover, if any member of our R&D team or qualified individuals joins a competitor or forms a competing business, we may lose crucial business secrets, technological know-how and other valuable resources. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert management and financial resources, negatively impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts.

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

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, others may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. For example, we engage our OEM manufacturers to produce a substantial portion of our telecommunication equipment. Any breach of the confidential clause or agreements by our OEM manufacturers, or any infringes of our intellectual property made by our OEM manufacturers may have adverse effect on our business, reputation and results of operation. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

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

We regard our patents, copyrights, trademarks, 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.

Policing unauthorized use of our proprietary technology, patents, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

Trademarks registered, internet search engine keywords purchased and domain names registered by third parties that are similar to our trademarks, brands or websites could cause confusion to our customers, divert customers away from our solutions or harm our reputation.

Competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names that are similar to ours, in order to divert potential customers from our platforms to theirs. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential customers away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

We may be subject to intellectual property infringement claims, which could be time consuming or costly to defend and may result in diversion of our financial and management resources, and indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.

Although we have paid attention to protecting our own intellectual property and preventing the infringement on the intellectual property owned by third parties, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to such proceedings and claims. We cannot assure you that holders of patents purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or an injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

Further, our agreements with customers and other third parties generally include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of claims of intellectual property infringement, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, generally, those limitations may not be fully enforceable in all situations, and we may still incur substantial liability under those agreements. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and results of operations.

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

As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient support and effective maintenance that meet our customers' needs at scale. 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 services. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer and end user demand for technical support or maintenance assistance. 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, we rely on our Russian distributor to provide customer service for our overseas antenna product customers. If our Russian distributor fails to provide customer service or the service provided by our Russian distributor fails to meet the customers' needs, our reputation would be harmed.

If we experience increased customer and end user demand for support and maintenance, we may face increased costs that may harm our results of operations. If we are unable to provide efficient customer and end user maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers and end users. Any failure to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers and end users would harm our business.

Our policy allows products with defects to be returned and exchanged by our customers within the warranty period. In addition, we typically offer a limited warranty for our products. If we experience any deterioration in the quality of our products, we will incur higher costs associated with returns, exchanges and warranties. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customer, they also subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

We may be subject to product liability claims if our products and/or services contain defects. We could incur significant expenses to remediate such defects, as a result, our reputation could be damaged, we could lose market shares, and our financial condition and results of operations may be negatively affected.

Products and services 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. Despite internal testing, our products and services may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, reputation, financial condition, and results of operations.

Given that many of our customers use our products and services in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and services 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. As we typically offer a limited warranty for our IoT solutions and telecommunication equipment but do not purchase any product insurance for our IoT solutions and telecommunication equipment, we may suffer significant loss due to such claims. 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. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our customers, would be enforceable, adequate, or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

Our risk management and internal control system may not be adequate or effective.

We have designed and implemented risk management and internal control systems comprising organizational framework policies and procedures, financial reporting processes, compliance rules and risk management measures we believe are appropriate for our business operations. While we seek to improve our risk management and internal control systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See "Business — Risk Management and Internal Control" for further information on our internal control policies. Since our risk management and internal control systems depend on implementation by our employees, and even though we provide relevant internal trainings in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from error or mistakes. If we fail to timely update, implement, and modify, or fail to deploy sufficient human resources to maintain our risk management policies and procedures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Misconduct, non-compliance and omission by our employees or third parties involved in our business could adversely affect our business.

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

Our business partners, including our various suppliers and customers, as well as other third parties who have entered into business relationships with our business partners, 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 parties have 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 noncompliance 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 noncompliance 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.

Changes in the market for our solutions and products may affect our pricing models and adversely affect our operating results.

Our pricing models face challenges from evolving market changes. As the market for our solutions and products grows, as our competitors introduce new solutions that compete with ours or reduce their prices, or as we enter into new verticals or international markets, we may be unable to attract new customers or retain existing customers based on our historical pricing models. Given our limited operating history and limited experience with our historical pricing models, we may not be able to accurately predict customer renewal or retention. In addition, regardless of the pricing model used, certain customers may demand higher price discounts. As a result, we may be required to reduce our prices, offer shorter contract durations or offer alternative pricing models, which could adversely affect our revenue, gross margin, profitability, financial position and cash flow. In addition, the gross profit margin of our private 5G network solutions was lower than that of non-5G solutions during the Track Record Period, which primarily because the proportion of contract value related to embedded hardware equipment in a private 5G network solution project was generally much higher than that in a non-5G solution project during the same period. Since the gross profit margin of hardware equipment is generally lower than that of software development and affiliated services, the overall gross profit margin of private 5G network solutions was lower as compared to that of our non-5G solutions. As such, if we are unable to improve the gross margin of our 5G solutions in the future, our profitability might be adversely affected.

Future operating results depend upon our ability to obtain raw materials, components and products in sufficient quantities on commercially reasonable terms.

As we currently obtain certain core raw materials and components from limited sources, we are subject to supply and pricing risks. Purchases from our five largest suppliers accounted for 72.2%, 60.6% and 61.0% of our total purchases in 2019, 2020 and 2021, respectively. Some raw materials and components, including those that are available from multiple sources, are at times subject to industry-wide shortage and significant commodity pricing fluctuations. In particular, one of our key components, chip, has been experiencing a global shortage since 2020 primarily due to China-U.S. trade war and the outbreak of COVID-19. Due to the ongoing global chip shortage, the price of chip has been increasing significantly. In addition, the world-wide chip shortage also affects the production volume of vehicles, which has the adverse impact on the market demand of vehicle mounted antenna products. While we have entered into agreements for the supply of many raw materials and components, there can be no assurance that we will be able to extend or renew these agreements on similar terms, or at all. A number of suppliers of raw materials and components may suffer from poor financial conditions, which can lead to business failure for the supplier or consolidation within a particular industry, further limiting our ability to obtain sufficient quantities of raw materials and components on commercially reasonable terms. The effects of global or regional economic conditions on our suppliers also could affect our ability to obtain raw materials and components. Therefore, we remain subject to significant risks of supply shortage and price increases.

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

We may be subject to claims and various legal and administrative proceedings, and, as a result, penalties and new claims may arise in the future. In addition, agreements we entered into sometimes include indemnification provisions which may subject us to costs and damages in the event of a claim against an indemnified third party.

Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time consuming or disruptive to our operations and distracting to management. In recognition of these considerations, we may enter into new or supplemental agreements or other arrangements to settle litigation and resolve such disputes. No assurance can be given that such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements may also significantly increase our operating expenses.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there were no legal or administrative proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material effect on our business, financial condition or results of operations. However, legal or administrative proceedings and claims may arise in the future. If one or more legal or administrative matters were resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our solutions, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. For further details regarding our legal proceedings and compliance matters, see "Business — Legal Proceedings and Compliance."

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

We maintain various insurance policies to safeguard against risks and unexpected events. As required by regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees including pension, unemployment insurance, childbirth insurance, work-related injury insurance, medical insurance and housing funds. We believe we maintain insurance policies in line with industry standards. We do not maintain business interruption insurance, product liability, key-man life insurance or litigation insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. If such risk materializes, we may also suffer substantial losses as we do not have insurance coverage.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in economic, political, and social conditions in the PRC could materially and adversely affect our business, financial condition, results of operations, and prospects.

A significant portion of our business assets are located in the PRC and a significant majority of our revenue are derived from the PRC. Accordingly, our results, financial position and prospects are subject, to a significant degree, to the economic, political and legal developments of the PRC. Political and economic policies of the PRC Government could affect our business and financial performance and may result in our inability to sustain our growth.

In recent years, the PRC Government implemented a series of new laws, regulations and policies which imposed stricter standards with respect to, among other things, quality and safety control and supervision and inspection of enterprises engaged in telecommunication industry. See "Regulatory Overview" for more details. If the PRC Government continues to impose stricter regulations on the telecommunication industry, we could face higher costs in order to comply with those regulations, which could impact our profitability.

The economic growth over the past few decades in China was rapid; however, its continued growth has faced downward pressure since 2008 and its annual GDP growth rate has declined from 9.6% in 2011 to 2.3% in 2020, according to the National Bureau of Statistics of China (中華人民共和國國家統計局). There is no assurance that the future growth will be sustained at similar rates or at all. The PRC Government's economic, political and social policies, including those related to our industry may materially and adversely affect our business, financial position, results of operations and prospects.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you and us.

Our business and operations are primarily conducted in the PRC and are governed by PRC laws and regulations. In addition, our offshore holding companies and certain transactions between them may be subject to various PRC laws and regulations. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited weight as precedents.

Since the late 1970s, the PRC Government has significantly enhanced the PRC legislation and regulations to provide protection to various forms of foreign investments in the PRC. However, recently-enacted laws and regulations may not sufficiently cover all aspects of economic activity in the PRC. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published court decisions, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and may not be as consistent and predictable as in other jurisdictions.

From time to time, we may have to resort to administrative and court proceedings to interpret and/or enforce our legal rights. However, since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Furthermore, the Chinese legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect.

As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China may materially and adversely affect our business and impede our ability to continue our operations.

We may be subject to the approval or other requirements of the China Securities Regulatory Commission or other PRC governmental authorities in connection with the [REDACTED] and future capital raising activities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the *Opinions on Rigorously Cracking Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》)* (the "**July 6 Opinions**"), which called for the enhanced administration and supervision of overseas-listed China-based companies (中概股公司), proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. As of the Latest Practicable Date, due to the lack of further clarifications or detailed rules and regulations, there are still uncertainties regarding the interpretation and implementation of the July 6 Opinions.

In addition, on December 24, 2021, the CSRC published the *Administrative Provisions of the State Council on the Overseas Issuance and Listing of Securities by Domestic Enterprises (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草稿徵求意見稿)》)* (the "**Draft Administrative Provisions**"), and the *Administrative Measures for Record-filings of the Overseas Issuance and Listing of Securities by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》)* (the "**Draft Measures for Record-filings**," together with the Draft Administrative Provisions, the "**Drafts relating to Overseas Listings**") for public comments. Pursuant to Drafts relating to Overseas Listings, PRC domestic companies that directly or indirectly offer or list their securities in an overseas market, which include (i) any PRC company limited by shares, and (ii) any offshore company that conducts its business operations primarily in China and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. Failure to complete the filing under the Draft Administrative Provisions may subject a PRC domestic company to a warning and a fine of RMB1 million to RMB10 million. If the circumstances are serious, the PRC domestic company may be ordered to suspend its business or suspend its business until rectification, or its permits or businesses license may be revoked. If the Drafts relating to Overseas Listing as currently drafted become effective, we may be required to file in accordance with the Drafts relating to Overseas Listings and we cannot predict whether we will be able to fulfill applicable obligation, and thereby the progress of the [**REDACTED**], our business and prospects could be adversely affected. As of the Latest Practicable Date, Drafts relating to Overseas Listing had not been formally adopted, and due to the lack of detailed guidance or implementation rules, there are still uncertainties regarding the Drafts relating to Overseas Listing.

We cannot guarantee that no additional requirement will be imposed on us when the Drafts relating to Overseas Listing become effective, or when new rules or regulations are promulgated in the future pursuant to the July 6 Opinions. If it is determined that we are subject to any CSRC approval, filing, other governmental authorization or requirements for future capital raising activities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may adversely affect our ability to finance the development of our business and may have a material adverse effect on our business and financial conditions. Furthermore, any uncertainty and/or negative publicity regarding such an approval, filing or other requirements may also have a material adverse effect on the [**REDACTED**] of our Shares.

Fluctuations in the value of the Renminbi against other currencies may materially and adversely affect our results of operations, other comprehensive income, and the value of your investment.

The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC Government and changes in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policies goals.

There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which, together with domestic policy considerations, may result in a significant appreciation of Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong dollars or U.S. dollars in the future. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors may materially and adversely affect our business, financial condition, results of operations and prospects, and may reduce the value of, and dividends payable on, our Shares in foreign currency terms.

More stringent restrictions on currency conversion and the remittance of Renminbi into and out of the PRC may affect our foreign exchange transactions and use of revenues, limit our ability to pay dividends and other obligations, and affect the value of your investment.

The Renminbi is not currently a freely convertible currency, as the PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and in certain cases, the remittance of currency out of China. We receive substantially all of our payments from customers in Renminbi and will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares and to fund our business activities outside China. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. Under the PRC's existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from SAFE or its local branches by complying with certain procedural requirements. However, the PRC Government may take measures at its discretion in the future to restrict access to foreign currencies for current account transactions if foreign currencies become scarce in the PRC. We may not be able to pay dividends in foreign currencies to our Shareholders if the PRC Government restricts access to foreign currencies for current account transactions. Foreign exchange transactions under our capital account continue to be subject to significant foreign exchange controls and require the approval of the SAFE or its local branches. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

We rely mainly on dividends and other distributions on equity paid by our subsidiaries to fund any cash and financing requirements we have, and any limitations on the ability of our subsidiaries to pay dividends to us could materially and adversely affect our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands. We conduct substantially all our business through our consolidated subsidiaries incorporated in the PRC. We rely on dividends paid by these consolidated subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in the PRC is subject to limitations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profit based on PRC laws and regulations each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. Furthermore, if any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the EIT Law, the Regulation on 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》), the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》), or Notice 112, which was issued on January 29, 2008 and amended on February 29, 2008, the Arrangement between the Mainland of China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排(國稅函[2006]第884號)》) (the "**China-Hong Kong Tax Arrangement**"), which became effective on December 8, 2006, and the Announcement of the State Administration of Taxation on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) (the "**Announcement 9**"), which became effective on April 1, 2018, dividends from our PRC subsidiaries paid to us through our indirectly wholly-owned subsidiary incorporated in Hong Kong, which holds our PRC subsidiaries, may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if such Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the China-Hong Kong Tax Arrangement. According to the Announcement 9, the PRC tax authorities must evaluate whether an applicant qualifies as a "beneficial owner" on a case-by-case basis. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

We may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax.

We are incorporated under the laws of the Cayman Islands and indirectly hold interests in our PRC operating subsidiaries. Pursuant to the PRC EIT Law, which became effective on January 1, 2008, and was last amended on December 29, 2018, and the Regulation on 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 took effect on January 1, 2008 and was last amended on April 23, 2019, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a PRC resident enterprise are subject to a 10% withholding tax, unless such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement.

The PRC EIT Law provides that if an enterprise incorporated outside the PRC has its "de facto management bodies" within the PRC, such enterprise may be deemed a "PRC resident enterprise" for tax purposes and be subject to an enterprise income tax rate of 25% on its global incomes. "De facto management body" is defined as the body that has the significant and overall management and control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT promulgated the Notice of the State Administration of Taxation on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management (《國家稅務總局關於

境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) which was amended on December 29, 2017 to clarify the certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by PRC enterprises. These criteria include: (i) the enterprise's premises where its senior officers and senior management departments in charge of routine production and operation management perform their duties are mainly located in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in the PRC; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in the PRC. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises which are not controlled by PRC enterprises (including companies like ourselves). Therefore, it remains unclear how the tax authorities will treat a case such as ours. We cannot assure you that we will not be considered a PRC resident enterprise for PRC enterprise income tax purposes and be subject to the uniform 25% enterprise income tax on our global incomes. In addition, although the PRC EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, due to the short history of the PRC EIT Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC incorporated subsidiary to us will meet such qualification requirements even if we are considered a PRC resident enterprise for tax purposes.

Furthermore, the PRC EIT Law provides that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interest of enterprises domiciled in the PRC, then such dividends or capital gains are treated as PRC-sourced income. It is not clear how "domicile" may be interpreted under the PRC EIT Law, and it may be interpreted as the jurisdiction where the enterprise is a tax resident. Therefore, if we are considered a PRC resident enterprise for tax purposes, any dividends we pay to our overseas corporate Shareholders who are not deemed a PRC resident enterprise as well as gains realized by such Shareholders from the transfer of our Shares may be regarded as PRC-sourced income and as a result become subject to PRC withholding tax at a rate of up to 10%.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are "non-resident enterprises," which do not have an establishment or place of business in China, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China.

Under PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under the risk factor headed "— We may be deemed to be a PRC tax resident under the EIT Law and our global income may be subject to a 25% PRC enterprise income tax." dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within China and as a result be subject to the PRC income taxes described above. However, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognized as eligible for such benefits in accordance with the Announcement of the SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers (《國家稅務總局關於發布〈非居民納稅人享受協定待遇管理辦法〉的公告》) (the "**Circular 35**"), which was issued on October 14, 2019 and came into effect on January 1, 2020. According to the Circular 35, the preferential tax rate does not automatically apply. With respect to dividends, the "beneficial owner" tests under the Circular 9 will also apply. If determined to be ineligible for the foregoing tax treaty benefits, gains obtained from sales of our Shares and dividends on our Shares paid to such Shareholders would be subject to higher PRC tax rates. In such cases, the value of your investment in our Shares may be materially and adversely affected.

The EIT Law may affect tax exemptions on dividends received by our Shareholders and us, and may increase the EIT rate we subject to.

Under the EIT Law and its implementing rules, both of which became effective from January 1, 2008, an enterprise established outside of the PRC with "de facto management bodies" situated within the PRC could be considered a PRC resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income with any relevant foreign tax paid available to be claimed as a foreign tax credit. The implementing rules of the EIT Law define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies ("**Guo Shui Fa [2009] No. 82**," or "**Circular 82**") (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》，國稅發[2009]82號), on April 22, 2009, which was newly amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC individuals or foreigners, like our Company, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. If the PRC authorities were to subsequently determine that we should be so treated and if we derive any global income in future, a 25% enterprise income tax on our global income could significantly increase our tax burden and materially and adversely affect our cash flow and profitability. Further, if we are regarded as a PRC resident enterprise, dividends that we receive from the subsidiary which are considered as PRC resident enterprises would be exempt from EIT and no withholding tax would be applied either. However, as there is still uncertainty as to how the EIT Law and its implementation rules will be interpreted and implemented, we cannot assure you that our income may not be subject to the EIT Law and that we are eligible for such PRC enterprise income tax exemptions or reductions.

In addition, because there remains uncertainty regarding the interpretation and implementation of the EIT Law and its implementing rules, it is uncertain whether, if we are regarded as a PRC resident enterprise, dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to a 10% withholding income tax, unless any such foreign corporate shareholder is qualified for a preferential withholding rate under a tax treaty. For further details, see "Regulatory Overview — Regulations on Taxation — Corporate income tax." If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our non-PRC corporate shareholders, or if you are required to pay PRC income tax on the transfer of our Shares, your investment in our Shares may be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject our PRC resident Shareholders to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute profits to us, and adversely affect our financial position.

The SAFE promulgated the Domestic Resident's Investment and Financing and Round-trip Investment through Special Purpose Vehicles, or Circular 37, on July 4, 2014 to replace the Circular of the SAFE on Relevant Issues Concerning Foreign Exchange Administration for Financing and Return Investments by Domestic Residents through Special-Purpose Overseas Companies (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (the "**Circular 75**"). According to Circular 37, PRC residents (including PRC citizens and PRC enterprises) shall apply to the SAFE or its local bureau to register for foreign exchange for overseas investments before contributing to special purpose vehicles (the "**SPVs**") with legitimate domestic and overseas assets or rights and interests. In the event of any alteration in the basic information of the registered SPVs, such as the change of a PRC citizen shareholder, name and operating duration; or in the event of any alternation in key information, such as increases or decreases in the share capital held by PRC citizens, or equity transfers, swaps, consolidations, or splits, the registered PRC residents shall timely submit a change in the registration of the foreign exchange for overseas investments with the foreign exchange bureaus.

We may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals and may not always be able to compel our beneficiaries to comply with the requirements of the Circular 37. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by the Circular 37 or other related regulations. Under the relevant rules, failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions on the foreign exchange activities of the relevant PRC enterprise and may also subject the relevant PRC resident to penalties under the PRC foreign exchange administration regulations.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China or Hong Kong based on foreign laws against us and our Directors and senior management.

We are incorporated in the Cayman Islands. A significant majority of our assets are located in the PRC. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC, and vice versa. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing under the 2006 Arrangement. As a result, it may be difficult or impossible for investors to effect service of process against our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

On January 18, 2019, the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**") was signed between the Supreme People's Court of China and Hong Kong. Comparing with the 2006 Arrangement, the 2019 Arrangement seeks to establish a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgments between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC laws. The 2019 Arrangement will apply to judgments made by the courts of Hong Kong and the PRC on or after its commencement date, which will be announced by Hong Kong and the PRC after necessary procedures of both places have been completed. The 2006 Arrangement will be superseded upon the effective date of the 2019 Arrangement. However, the 2006 Arrangement will remain applicable to a "choice of court agreement in writing" as defined in the 2006 Arrangement which is entered into before the 2019 Arrangement taking effect. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

PRC regulations of loans and direct capital investments to PRC entities by offshore holding companies may delay or prevent us from using the [REDACTED] of the [REDACTED].

Any loans provided by us to our PRC subsidiaries are subject to PRC regulations, and such loans must be registered with the local branch of SAFE. Additionally, our capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to obtain such approvals or registrations, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be materially and adversely affected. This may materially and adversely affect our PRC subsidiaries' liquidity, their ability to fund their working capital and expansion projects, and their ability to meet their obligations and commitments. As a result, this may have a material and adverse effect on our business, financial condition and results of operations.

Inflation in the PRC could materially and adversely affect our profitability and growth.

While the PRC economy as a whole has experienced rapid growth, such growth has become uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth may lead to growth in the money supply and accordingly inflation. If the amounts we charge our customers go up at a rate that is insufficient to compensate for the rise in our costs, our business may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED] AND OUR SHARES

There has been no public market for our Shares and the market price of our Shares may be volatile; there is no assurance of an active trading market in our Shares.

Prior to the [**REDACTED**], there has been no public market for our Shares. The initial [**REDACTED**] range of our Shares, and the [**REDACTED**], will be the result of negotiations between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us. In addition, while we have applied to have our Shares [**REDACTED**] on the [**REDACTED**], there can be no guarantee that (i) an active trading market for our Shares will develop or, (ii) if it does, that it will be sustained following the completion of the [**REDACTED**], or (iii) that the market price of our Shares will not decline below the [**REDACTED**]. You may not be able to resell your shares at a price that is attractive to you, or at all.

The trading prices of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the market price of our Shares may fluctuate significantly and rapidly as a result of the following factors:

- variations of our results of operations (including variations arising from foreign exchange rate fluctuations);
- loss of customers;
- changes in securities analysts' estimates of our financial performance;
- announcement by us of significant acquisitions, greenfield developments, strategic alliances or joint ventures;
- addition or departure of key personnel;
- fluctuations in stock market price and volume;
- involvement in litigation;
- trading price performance of other telecommunication companies based in Asia; and
- general economic and stock market conditions.

In addition, stock markets and the shares of other companies [**REDACTED**] on the Stock Exchange with significant operations and assets in the PRC have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market fluctuations may materially and adversely affect the market price of our Shares.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The [**REDACTED**] of our [**REDACTED**] is expected to be determined on the [**REDACTED**]. However, our Shares will not commence trading on the 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 Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares may fall before trading begins as a result of adverse market conditions or other adverse developments, that may occur between the time of sale and the time trading begins.

Future issuances or substantial sales of the Shares in the public market could materially and adversely affect the prevailing market price of our Shares and our Company's ability to raise capital.

Sales of substantial amounts of Shares in the public market after the completion of the [**REDACTED**], or the perception that these sales could occur, could adversely affect the market price of our Shares. Although our Controlling Shareholders are subject to restrictions on its sales of Shares within 12 months from the [**REDACTED**] Date as described in "[**REDACTED**]" in this Document, future sales of a significant number of our Shares by our Controlling Shareholders in the public market after the [**REDACTED**], or the perception that these sales may occur, may cause the market price of our Shares to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors as described in "Statutory and General Information — A. Further Information About Our Company and Its Subsidiaries" in Appendix IV to this Document or otherwise, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the market price of the Shares. Sale or issuance of a substantial amount of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, may materially and adversely affect the prevailing market price of the Shares.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our [REDACTED] best interests.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our [**REDACTED**] best interests. Immediately following the [**REDACTED**], our Controlling Shareholders will, in aggregate, beneficially own approximately [**REDACTED**]% of our Company's outstanding shares, assuming the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued upon exercise of any options which may be granted under the Share Option Scheme. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholder conflict with the interests of our other Shareholders, or if our Controlling Shareholder cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, the non-controlling shareholders may be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

Our Controlling Shareholders may have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. As such, our Controlling Shareholders' interests may not necessarily be in line with the best interests of our Company or the interests of our other Shareholders, which may have a material and adverse effect on our Company's business operations and the price at which our Shares are traded on the Stock Exchange.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take actions against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which is persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

Purchasers of the [REDACTED] will experience an immediate dilution and may experience further dilution if our Company issues additional Shares or other securities in the future.

Based on the [**REDACTED**], the [**REDACTED**] is expected to be higher than the net tangible assets value per Share immediately prior to the [**REDACTED**]. Therefore, the purchasers of the [**REDACTED**] will experience an immediate dilution in unaudited pro forma adjusted consolidated net tangible assets value. See "Unaudited Pro Forma Financial Information" in Appendix II to this Document for further details. Additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issue of new equity or equity-linked securities of our Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders in our Company may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

Substantial future sales of our Shares by existing Shareholders in the public market could materially and adversely affect the prevailing market price of the Shares.

Sales of our Shares in the public market, or the perception that these sales may occur, may cause the market price of our Shares to decline significantly. Divestiture in the future of our Shares by shareholders, the announcement of any plan to divest our Shares, or hedging activity by third-party financial institutions in connection with similar derivative or other financing arrangements entered into by shareholders, may cause the price of our Shares to decline.

The Shares held by the Controlling Shareholders are subject to lock-up beginning on the [**REDACTED**] Date. There is no assurance that the Controlling Shareholders will not further dispose of the Shares held by them. We cannot predict the effect, if any, of any future sales of the Shares by any Substantial Shareholder or Controlling Shareholder, or the availability of the Shares for sale by any Substantial Shareholder or Controlling Shareholder may have on the market price of the Shares. Sales of a substantial amount of Shares by any Substantial Shareholder or

Controlling Shareholder or the issue of a substantial amount of new Shares by our Company, or the market perception that such sales or issue may occur, may materially and adversely affect the prevailing market price of the Shares.

Whether and when the dividends will be declared and paid cannot be assured.

No dividend was declared or paid by our Group to the Shareholders of our Company during the Track Record Period. A declaration of dividends is proposed by our Board of Directors and the amount of any dividends may depend on various factors, including, without limitation, our results of operations and earnings, capital requirements and surplus, financial condition, future prospects and other factors which our Board of Directors may determine are important. Our Company may not be able to distribute dividends to the Shareholders as a result of the abovementioned factors. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy, and potential investors should be aware that the amount of dividends paid previously should not be used as a reference or basis upon which future dividends are determined. Accordingly, we cannot assure you as to whether and when we will distribute dividend in the future. We may not be able to record profits and have sufficient funds above its funding requirements, other obligations and business plans to declare dividends to the Shareholders.

We have not independently verified government statistics and facts in this Document.

This Document includes certain statistics that have been extracted from the PRC Government official sources and publications. Our Directors believe the sources of these statistics are appropriate for such statistics and have taken reasonable care in extracting and reproducing such statistics. Our Directors have no reason to believe that such statistics are false or misleading or that any fact has been omitted that would render such statistics false or misleading. However, these statistics from these sources have not been independently verified by our Company, the Sole Sponsor, [[**REDACTED**], the [**REDACTED**] and the [**REDACTED**], and the [**REDACTED**]], any of their respective directors or any other parties involved in the [**REDACTED**] and therefore, our Company makes no representation as to the accuracy or completeness of these statistics, which may not be consistent with other information compiled within or outside Hong Kong, as such these statistics should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such statistics or facts.

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

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 may be press and media coverage regarding us and/or 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. We have not authorized the disclosure of any such information in the press or media and do not accept 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. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Document only and should not rely on any other information.