You should carefully consider all of the information in this document, including the following risk factors, before making any **[REDACTED]** *decision in relation to the* **[REDACTED]**. *Our business, financial condition, results of operations, performance and/or prospects could be materially and adversely affected by any of these risks. The* **[REDACTED]** *of the* **[REDACTED]** *could fall significantly due to any of these risks, and you may lose all or part of your* **[REDACTED]**. *The risks and uncertainties described below are not the only risks and uncertainties we face. In addition to the risks described below, there may be other risks and uncertainties not currently known to us or that we currently deem to be immaterial which may in the future become material risks. The risks discussed below may also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.*

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to our business in the PRC; and (iii) risks relating to the **[REDACTED]**. Additional risks and uncertainties presently not known to us or not expressed or implied below, or that we currently deem immaterial, could also harm our business, financial condition, results of operations, performance and/or prospects. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The success of our business depends on our ability to serve the rising demand in countries where we operate and the sustainability of the rising demand for modern infrastructure.

We lease a significant portion of our Modern Infrastructure Assets to tenants in logistics service, e-commerce, manufacturing and retail sectors who require modern infrastructure in the countries where we operate. The growth of these sectors has led to a significant increase in demand for modern logistics infrastructure. However, this trend also presents inherent risks and challenges. For example, tenants in these sectors usually prefer large-scale, state-of-the-art logistics infrastructures which require significant upfront capital investments, and such tenants can be aggressive on rental rates and other contract terms. Further, these tenants generally seek facilities in or close to major metropolitan areas where land parcels suitable for the development of modern logistics infrastructures are becoming increasingly costly due to scarcity. If we are unable to successfully identify and address these challenges, we may fail to serve the rising demand of these sectors, which may have a material adverse effect on our business performance and prospects, results of operations, and financial condition.

In addition, there can be no assurance as to the sustainability of this rising demand in the countries where we operate. The development of the logistics service sector has been primarily driven by rising domestic consumption as a result of the rise of e-commerce, as well as increases in income levels, changing consumption patterns, the adoption of new technologies and advancement in supply chain management. The e-commerce sector evolves rapidly with technological advancement, changes in user preferences, product and service innovation, and new industry standards and practices, any of which could render the existing products, services, technologies and/or systems obsolete and reduce the demand for logistics infrastructure by our tenants. The demand from the e-commerce sector may also be impacted by changes in supply chain management, for example, the shift in building fulfillment capabilities in-house by some e-commerce platforms in the PRC. The modern retail and manufacturing sectors may be impacted by the changes in consumer demand and preference, technological advancement, change of labor costs and change of consumption patterns. Any negative trend in these sectors in the countries where we operate may materially and adversely affect our business, financial condition, results of operations, performance and prospects.

We are subject to the risks of the logistics infrastructure business.

We are subject to risks associated with the provision of logistics infrastructure. Some of the factors that may affect our business include:

- local market conditions, such as oversupply of logistics facility space, reduction in demand for logistics facility space and the rents that we can charge for a completed logistics facility, which may make a logistics facility unprofitable;
- significant liabilities associated with logistics facility assets, such as mortgage payments, and property taxes, which are generally fixed and need to be paid even when market conditions reduce income from the assets;
- the attractiveness of our assets to potential customers and investors;
- our ability to maintain, refurbish and redevelop existing assets;
- competition from other available logistics infrastructures;
- competition for land resources to develop new logistics infrastructures;
- our ability to maintain, and obtain insurance for, our assets;
- our ability to control variable operating costs;
- changes in labor laws or other laws and regulations in relation to the industry;
- governmental regulations, including changes in zoning and usage, condemnation, redevelopment and tax laws, and changes in these laws;
- delays in obtaining or renewing governmental permits and authorizations, and changes to and liability under all applicable zoning, building, occupancy and other laws;
- difficulty in finding a buyer for any land parcel or logistics facilities that we seek to sell or divest, or achieving sales prices that allow us to recover our investment, resulting in additional impairment charges;
- construction costs (including labor cost) of a logistics facility may exceed the original estimates, or construction may not be completed on time, due to factors such as contract default, the effects of local weather conditions, the possibility of local or national strikes by construction-related labor, the effect of public health and safety issues such as COVID-19 and the possibility of shortages in materials, building supplies or energy and fuel equipment, making the logistics facility less profitable than originally estimated or not profitable at all; and
- changes in or abandonment of development opportunities, and the requirement to recognize an impairment charge for those investments.

Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

A significant portion of our revenue has been, and will likely continue to be, associated with JD Group in the foreseeable future. We may have different development prospect or conflicts of interest with JD Group and, because of JD Group's controlling interest in our Company, it may exert substantial influence over our operations and may not be able to resolve such conflict on favorable terms for us or act in the best interests of our other Shareholders.

Our Group's businesses capitalize, and depend (to a certain extent) on JD Group, including the different types of support offered by JD Group to assist in the marketing of our business. JD Group may from time to time make strategic decisions that it believes are in the best interests of its business and shareholders as a whole. These decisions may be different from the decisions that we would have made on our own.

Conflicts of interest may arise between us and JD Group, the Controlling Shareholder, and its associates in a number of areas relating to our ongoing relationships. Potential conflicts of interest that we have identified mainly include the following:

Agreements with JD Group. We have entered into agreements with JD Group and its associates, such as JD Logistics and JD Technology, with respect to material aspects of our operations and their continued cooperation with and support to us (including provision of infrastructure asset services, construction management services, asset management services, general administrative services and debt financing). See the sections headed "Connected Transactions" and "Relationship with our Controlling Shareholders" in this document for further details of such agreements. JD Group may use its control over us to prevent us from bringing a legal claim against JD Group and its associates in the event of a contractual breach, notwithstanding our contractual rights under the agreements and any other agreement we may enter into with the JD Group and its associates from time to time.

Employee recruiting and retention. We may compete with JD Group in the hiring of employees.

Sales of Shares in our Company. JD Group may decide to sell all or a portion of the Shares in our Company it holds to a third party, including to one of our competitors, thereby giving that third party substantial influence over our business and our affairs. Such a sale could be contrary to the interests of our employees or our other Shareholders.

Developing business relationships with JD Group's competitors. So long as JD Group remains our Controlling Shareholder, we may be limited in our ability to conduct business activities with its competitors. This may limit our ability to market our services or expand our business in the best interests of our Company and our other Shareholders.

Our Directors and employees may have conflicts of interests. A Director of our Company is also director of JD Group. The relationship could create, or appear to create, conflicts of interests when the person is faced with decisions with potentially different implications for JD Group and us.

Although we will be a stand-alone public company after the **[REDACTED]**, we expect to operate, for as long as JD Group remains one of our Controlling Shareholders, as an affiliate of JD Group. We have established an audit committee, consisting of two independent non-executive Directors and a non-executive Director, to review and approve all proposed connected transactions as defined in the Listing Rules, including any transactions between us and JD Group and/or its associates. However, we may not be able to resolve all potential misalignments in interests, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. For further details as to how we address such conflicts, see the section headed "Relationship with our Controlling Shareholders" in this document.

Any negative development with respect to our relationship with JD Group or negative publicity concerning JD Group may materially and adversely affect our business and brand recognition.

We will continue to be controlled by JD Group after the **[REDACTED]** and will continue our substantial cooperation with JD Group in various aspects, including financial assistance, technology, tenant base and administrative support. If JD Group discontinues its cooperation with us, reduces, suspends or terminates any type of support to us, we will need to obtain such support from other parties, or improve the capabilities on our own.

If JD Group fails to continue its cooperation with us or provide support to us, or conducts business in an unacceptable manner or takes other actions that are detrimental to our interests, we may have to renegotiate with JD Group for the cooperation or support or attempt to approach other business partners as replacements, or build the capabilities on our own, which may be expensive, time-consuming and disruptive to our operations. If we are unable to maintain our relationship with JD Group, our business and operations could be severely disrupted, which could materially and adversely affect our results of operations and financial condition.

If JD Group loses its market position or suffers any negative publicity, it could have an adverse impact on our business, our marketing efforts, our relationships with strategic partners, our reputation and brand. Furthermore, as the "JD" brand name is shared among the members of JD Group and us, if we or these entities or our or their respective directors, management personnel or other employees take any action that damages the "JD" brand name or its corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings (including alleged or future securities class actions) involving, or wrongdoing or corruption or other practices engaged by, any such directors, management personnel or employees, our brand image and reputation as well as our market value may be adversely affected.

We have a limited operating history and are subject to complex operational risks which may be difficult to address.

We started operating independently in 2018 as a platform for developing and managing modern infrastructure. We expanded organically and through acquisitions. Currently, we operate in five countries, including the PRC, Indonesia, Vietnam, the U.K. and the Netherlands, and we actively evaluate opportunities in other countries into which we may expand. Consequently, we face risks and challenges associated with operating a multinational business with a relatively short operating history. These risks and challenges include, without limitation:

- unpredictability as to whether we can maintain the same or similar growth and profitability as we have achieved in the Track Record Period;
- difficulty in successfully operating the Modern Infrastructure Assets located across the countries we currently operate in, as well as any countries we may expand into;
- difficulty in integrating any businesses and assets we have acquired or we may acquire;
- difficulty in maintaining standards of construction and leasing consistent with our quality standards;

- difficulty in building, implementing and maintaining standardized operational and information technology systems, and internal controls;
- conflicts in allocating our senior management's time and our resources among the projects and countries where we operate and between the Balance Sheet Assets and the Fund Assets;
- difficulty in staffing, managing and maintaining a high caliber employee base;
- managing communication and integration problems arising from cultural differences and geographic dispersion;
- difficulty in striking a balance between central oversight and control and delegation of authority to regional and local offices, and potentially lengthy decision-making processes resulting from multiple layers of regional and local management;
- difficulty in tailoring and implementing our business strategies to local markets, and monitoring the status of business expansion in local markets;
- multiple competitive pressures in local markets;
- difficulty in attracting and maintaining well-resourced capital partners in our various markets;
- exposure to the risk of harm to our business operations and reputation by tenant's misconduct at our Modern Infrastructure Assets in violation of applicable laws, regulations and policies;
- exposure to the risk of physical damages or harm to our reputation due to accidents at our Modern Infrastructure Assets beyond our control;
- exposure to the risk of harm to our reputation which could develop rapidly across the markets where we operate; and
- compliance with a wide variety of laws and regulations in local markets.

Further, our limited track record, in particular in Southeast Asia and Europe, may subject us to additional operational risks, such as difficulty in attracting and retaining capable management and experts, a lack of communication channels with local government and greater unfamiliarity with local commercial practices and relevant laws and regulations. As we continue to expand our operations in multiple jurisdictions, we may continue to face these risks and may have difficulty managing and administering a geographically dispersed business. We are also subject to risks relating to the lack of transparency of some of the logistics infrastructure markets in which we operate. Market information such as rents, vacancies and lease expiration dates at other infrastructures not operated by us may not be available to us, as such information may not be disclosed publicly and we have limited resources to access such information. We may also need to expend additional funds to, among other things, successfully operate businesses in multiple countries, integrate business teams, improve cost efficiency, achieve expected synergies and capture growth opportunities in various markets. Our success in growing our business will depend, in part, on our ability to anticipate and effectively manage these and other risks related to international operations. Any failure by us to effectively manage the challenges associated with the international operations could materially adversely affect our results of operations, financial conditions, business performance and prospects.

Our returns from investments in the Modern Infrastructure Assets could be adversely affected by fluctuations in the income generated from, and in the value of, the Modern Infrastructure Assets and other factors, including the concentration of the Modern Infrastructure Assets in the logistics infrastructure sector.

Returns from investments in the Modern Infrastructure Assets depend largely upon the amount of income generated from the Modern Infrastructure Assets as well as changes in the fair market value of the Modern Infrastructure Assets. Income generated from, and/or the fair market value of, the Modern Infrastructure Assets may be adversely affected by a number of factors, including:

- the asset classes and quality of the Modern Infrastructure Assets;
- overall economic conditions in regions where we operate, such as growth or contraction in GDP, disposable income level, consumer confidence or sentiment, employment trends, the level of inflation, foreign exchange rates, interest rates and the credit environment;
- local logistics infrastructure market conditions, such as the level of demand for, and supply of, logistics properties;
- competitiveness of logistics properties supplied by other players with lower costs, superior locations, and better management skills and services;
- changes in legal and regulatory frameworks and government guidance eliminating favorable policies of or imposing restrictions on logistics infrastructure developments, leasing and maintenance, such as changes in environmental, tax, planning, tenancy or zoning laws or government guidelines;
- reduced demand from tenants arising from factors including, but not limited to, the perception of tenants of the utility and convenience of the relevant Modern Infrastructure Assets, and changes in building and system technologies, supply chain management, or local or regional infrastructure;
- our ability to provide or procure adequate management, maintenance or insurance;
- the skills, management knowhow and professionalism of our property operations team and its ability to respond to changing market conditions;
- our ability to negotiate rent on favorable terms and collect rent on a timely basis;
- exposure to the risk of tenants defaulting on leases or increases in vacancy rates;
- title defects affecting the Modern Infrastructure Assets which could affect the ability of the relevant tenants to operate out of such properties; and
- external factors including major world events, such as war and terrorist attacks, and natural disasters, such as floods and earthquakes.

In addition, other factors may adversely affect the values of the Modern Infrastructure Assets without necessarily affecting their revenue and operating income, including potential environmental or other legal liabilities and unforeseen capital expenditures. As the funds and investment vehicles we manage generally have limited operating history, and have not yet realized returns for our capital partners by selling fund assets, it is difficult to evaluate our investment performance and prospects. If we are unsuccessful in addressing any of the above-mentioned risks or challenges associated with the Modern Infrastructure Assets, our business, prospects, financial condition and results of operations may be materially and adversely affected.

Further, the properties we own and the funds and investment vehicles we manage are concentrated in the logistics infrastructure sector, and we intend to remain focused on the logistics infrastructure sector, which may entail certain industry-related concentration risks. During periods of difficult market conditions or slowdowns in this sector, the rental income generated by the Modern Infrastructure Assets and/or the capital value of such properties may decline, which may further reduce return from investment of the Modern Infrastructure Assets.

We may not be able to secure capital resources to support our future land acquisition, project development and expansion of our infrastructure network for our business growth, either through equity or debt financing, on commercially reasonable terms, or at all.

Our business requires substantial capital investment. We have in the past financed our business and operations through internal cash flows, private equity fundraising, as well as debt financing from JD Group and independent financial institutions, among other sources. We may, in the future, require additional financing to fund our capital expenditures to support the future growth of our business and/or to refinance our existing debt obligations. The funds and investment vehicles we manage may also require additional financing to fund or refinance their existing projects and complete profitable acquisitions.

Our ability to arrange external financing and manage the cost of such financing is dependent on numerous factors, including general economic and capital markets conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, our own financial conditions, financial conditions of JD Group, the success of our business, quality of the logistics facilities as pledged assets, provisions of relevant tax and securities laws, policies regarding regulation and control of the logistics infrastructure markets where we operate, and political and economic conditions in these markets. In addition, changes in the global financial markets have, in recent years, affected the availability of financing and led to fluctuations in finance costs. We may consequently find it difficult in the future to access the financial markets, which could in turn make it more difficult or expensive to obtain funding. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favorable to us or the funds and investment vehicles we manage. If we fail to obtain adequate financing to fund our operations or the existing projects and proposed acquisitions of the funds and investment vehicles we manage, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

The inability to refinance our indebtedness or the indebtedness of the projects of the funds and investment vehicles we manage at maturity, or meet our payment or redemption obligations or the payment or redemption obligations of the funds and investment vehicles we manage, upon the occurrence of certain events such as change of control, could adversely affect our cash flows, results of operations, financial conditions and reputation. In such circumstances, we may require additional equity financing, and the funds and investment vehicles we manage may require additional capital investment, which would be dependent on the appetite and financial capacity of our shareholders and our capital partners. For further details of the equity financing risks relating to the funds and investment vehicles we manage, see "—Our capital partners in the funds and investment vehicles we manage with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect the operations and performance of the funds and investment vehicles we manage" and "—We may not be able to sustain our business relationships with existing capital partners and may fail to form relationships with new capital partners, either of which may adversely affect our financial condition and results of operations." If we are unable to raise equity or obtain debt financing in favorable terms, or at all, or the funds and investment vehicles we manage are not able to secure additional capital investment from capital partners, our business, financial condition, results of operations, performance and prospects will be materially and adversely affected.

In addition, we may be subject to foreign exchange controls that may adversely affect the ability to repatriate the income or proceeds of sale arising from the Modern Infrastructure Assets. See "—Risks Relating to Our Business in the PRC—Governmental regulation of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment." in this section. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on our ability to continue to maintain sufficient liquidity, cash and available credit under our credit facilities. If we do not maintain sufficient liquidity, our ability to meet our payment obligations to creditors or to borrow additional funds may become impaired, and our business, financial condition and our results of operations may be materially and adversely affected.

We may not obtain the land use rights for our projects despite our entrance into binding investment agreements.

We actively communicate with the local governments in the PRC with regards to the land acquisition process and enter into binding investment agreements with them in connection with our land acquisitions. However, the signing of these documents does not guarantee that we will obtain the land use rights of the land identified. Such lands need to be granted through a public tender, auction or listing-for-sale processes in accordance with PRC laws and regulations. In such process, the local governments may determine that the tender terms offered by other tenderers to be better than ours and grant the land use rights to such other tenderers. As such, there is no assurance that we will always be able to acquire the land use rights of the land desired for our logistics park projects. The successful acquisition of these lands is crucial in the execution of our expansion plan, and our prospects will be materially and adversely impacted if we cannot acquire the lands covered by the investment agreements we execute. In addition, the investment agreements may impose strict requirements on the use or transfer of land or set conditions to be fulfilled with respect to infrastructure development, which could limit our ability to develop or dispose of the land or cause us to incur high costs to fulfill the conditions set forth in the relevant investment agreements. Furthermore, in the future, we may not be able to obtain all the land use rights certificates and building ownership certificates for our properties under development or land reserve. See "—Risks Relating to Our Business in the PRC—In the future, we may not be able to obtain all the land use rights certificates and building ownership certificates for our logistics properties under construction." for further details. If we are not successful in obtaining the land use rights for such lands covered by investment agreements in a timely manner, or at all, we will not be able to develop our projects on such lands, which may adversely and materially affect our business, financial condition and results of operations.

We may not be able to complete the development or redevelopment of the Modern Infrastructure Assets according to our budget, on time, or at all.

It typically takes us approximately 14 to 22 months from land acquisition to project completion of a typical single-story or two-story logistics warehouse, which together represents a substantial majority of the Modern Infrastructure Assets. Our cash flows and results of operations may be significantly affected by our property development or redevelopment schedules and any changes to those schedules may affect our development or redevelopment budgets. The schedules and the budgets of our property developments or redevelopments depend on a number of factors, including regulatory approvals, project financing, and performance of third-party contractors. In particular, if we fail to obtain or maintain various approvals, licenses and permits that are required for the development or redevelopment of the Modern Infrastructure Assets, we may be subject to fines, suspension of construction work, and/or other liabilities arising from such non-compliance, which could delay our construction progress, incur significant expenses and divert substantial management time to rectify these incidents. Other specific factors that could adversely affect our property development or redevelopment schedules and budget include, but are not limited to:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- shortage of capital;
- changes in relevant regulations and government policies, including environmental and zoning laws;
- relocation of existing tenants and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes of third-party contractors and subcontractors;
- construction accidents;
- construction failures caused by unforeseen engineering, design, quality, environmental, or geological problems;
- breach of contractual obligations or unsatisfactory performance by third-party contractors and subcontractors;
- unforeseen costs or delays resulting from errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays, or failure to complete the construction of a logistics property according to its planned specifications, schedule and budget may harm our reputation and lead to loss of, or delay in recognizing revenue, and lower returns on our capital investment. We cannot assure you that we will not experience any significant delays or cost overruns in completing logistics properties in the future, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Our Modern Infrastructure Assets rely on the transportation infrastructure and connectivity of the surrounding areas.

Transportation infrastructure support, particularly public roads, highways and railroad access, is critical to the functioning and future development of the Modern Infrastructure Assets. There can be no assurance that certain government development plans will be executed in a timely manner, or at all. This may depend on the level of investment by the relevant government in the infrastructure support, which historically has varied in the countries in which we operate. Further, there can be no assurance that the amenities and transportation infrastructure and public transport services near the Modern Infrastructure Assets will not be closed, relocated, terminated, delayed or uncompleted, or that there will be no impediment to the traffic flow in the vicinity. If the transportation infrastructure surrounding the Modern Infrastructure Assets is not established in time, or at all, or adequately maintained, we may not be able to develop our Modern Infrastructure Assets as scheduled, attract tenants for the Modern Infrastructure Assets or may even lose tenants, which may have a material adverse effect on the valuation of the Modern Infrastructure Assets. In particular, logistics service and e-commerce tenants attach significant importance to infrastructure support of surrounding areas, such as roads or expressways adjacent to urban areas. Failure to lease out the Modern Infrastructure Assets due to poor infrastructure support will materially and adversely affect our business, and we might not achieve the expected return on our investment. Furthermore, as the urban areas in the markets where we operate continue to develop, existing transportation infrastructure and traffic conditions surrounding the Modern Infrastructure Assets may deteriorate, or become unattractive in light of other or new transportation links, which in turn may render the location of the Modern Infrastructure Assets undesirable from our tenants' perspective and lead to early termination or non-renewal of their leases or renegotiation of rentals. In addition, a lack of infrastructure support in the countries into which we aim to expand could negatively impact our ability to do so. Any such occurrence may have a material adverse effect on the valuation of the Modern Infrastructure Assets as well as our business, financial condition, results of operations, performance and prospects.

We face intense competition which could adversely affect our results of operations and market share.

Our infrastructure solutions business faces intense competition from both global large-scale logistics infrastructure providers and smaller-scale local players, primarily on our ability to acquire quality land and retain a quality and diverse tenant base. Competition may also come from tenants such as large retailers, manufacturers and e-commerce players, which may choose to build up in-house warehousing capability or enter into new markets ahead of us.

Our fund management business may face significant competition from other private funds, specialist investment funds and hedge fund sponsors, among others. In particular, our fund management business faces competition in the pursuit of capital partners and in seeking profitable investment opportunities, while **[REDACTED]** and new REITs that we may manage or invest in in the future face competition primarily in acquiring additional properties. In raising capital for the funds and investment vehicles we manage, we compete primarily on quality of Modern Infrastructure Assets; investment performance; alignment of our interests to our capital partners' interests; categories of products provided and scope of services; quality of services provided to and relationships with capital partners; level of fees and expenses charged for services; brand recognition; and transaction execution skills. For acquisitions and investment opportunities, we compete primarily on price; speed of execution; access to market information about suitable investment opportunities; payment terms; and access to capital, among other factors. For example, REITs generally require unitholders' approval to raise funds before completion of any acquisitions, and therefore may require longer completion periods as compared to private funds and corporate buyers.

A number of factors serve to increase our competitive risks:

- some competitors are larger than us in terms of assets and revenue, and may have greater capital resources, possess better quality assets, offer more comprehensive lines of products and services, have stronger relationships with potential vendors and tenants, and have considerably greater financial, technical and marketing resources than are available to us;

- some competitors may have stronger land sourcing and execution capabilities, lower development costs, better project planning, design and construction team and higher development margins;
- some competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make; and
- the entry of new players in our markets.

In addition, if competitors sell assets similar to those that we intend to divest, we may not be able to dispose of our assets on favorable terms, or at all. Furthermore, if our competitors sell similar assets at lower prices than comparable assets held or managed by us, it may have an adverse impact on the market value of these assets. Likewise, the existence of pricing competition for lettable properties may have a material adverse impact on our ability to secure tenants for the Modern Infrastructure Assets at satisfactory rental rates and on a timely basis. There is no assurance that we will be able to continue competing effectively in our industry. If we fail to compete effectively, it could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Our business depends on the financial performance of the Modern Infrastructure Assets, which could be adversely affected by a fall in occupancy rates, an inability to pre-lease properties under development or lease completed properties on economically favorable terms, a failure to maintain our business relationships with our major tenants or acquire new tenants, or default by our tenants.

A significant portion of our revenue comprises: (i) revenue from infrastructure solutions, which primarily includes rental income from the Balance Sheet Assets; and (ii) revenue from fund management services, which, to certain extent, is impacted by the rental income of the Fund Assets. As a result, our performance largely depends on our ability to pre-lease properties under development, to lease completed properties or to lease developed properties as the lease terms expire, on economically favorable terms. Our lease agreements typically require quarterly or monthly fixed rate rent payments subject to any applicable price adjustment mechanism. Our leases terms are typically above two years and the rents charged upon renewals of leases are typically adjusted based upon the prevailing market rates, which is affected by the location and overall attractiveness of our infrastructure assets, local supply and demand for comparable properties, and our service quality, among others. Accordingly, it is possible to have a concentration of lease renewals or rent adjustments in a given year, and a slowdown in the rental market in a given year could adversely affect our rental income in that year. If a significant number of expiring or terminated leases are unable to be either promptly renewed (including leases ended pursuant to tenant lease break options), if we are not able to promptly re-let the area covered by such leases, if the rental rates upon renewal or re-letting are significantly lower than the current rates or if higher lease incentives are required in order to attract or retain tenants, our results of operations and cash flows would be adversely affected. If the Modern Infrastructure Assets that are leased prior to completion are not completed on time, the tenants may be entitled to compensation for late delivery or may be able to terminate their lease agreements with us and claim damages. Therefore, if we are unable to lease the completed Modern Infrastructure Assets, or pre-lease the Modern Infrastructure Assets under construction, or complete the pre-leased Modern Infrastructure Assets on time, our business, financial condition, results of operations, performance and prospects would also be adversely affected.

In addition, we generate a significant portion of our rental revenue from JD Group and its affiliates. In 2020, 2021 and 2022, rental income generated from JD Group and its affiliates accounted for 68.1%, 64.8%, and 47.4%, respectively, of our total revenues in the corresponding periods. If JD Group and/or its affiliates terminate or elect not to renew all or a significant portion of its or their leases and we are unable to promptly re-let the area covered by such leases on terms (including rental levels) as favorable as those currently or then existing, our results of operations and cash flows would be adversely affected. Alternatively, we may be forced to re-let the area covered by such leases to less creditworthy tenants which would expose us to a higher risk of tenant default in the future, which could materially adversely affect our results of operations and cash flows.

Further, tenants of the Modern Infrastructure Assets may at any time experience a downturn in their business that may weaken their financial conditions. Changes to local, regional and global economic conditions or other internal or external factors may cause tenants of the Modern Infrastructure Assets to downsize or close their operations. As a result, tenants may relocate, fail to make rental payments when due, require a restructure of their lease terms or a rent payment extension, sub-lease the relevant properties to third parties in breach of the head lease term, declare bankruptcy or enter into liquidation, any of which may reduce cash flow from their leases. In particular, the loss of a significant number of tenants or any major tenants of the Modern Infrastructure Assets may significantly reduce, both directly and indirectly, our future cash flows, rental income and other income. Further, if we are unable to diversify the tenant base by acquiring new tenants and maintaining such tenant relationships, our business, financial condition and results of operations may be materially and adversely affected.

In the event of default by a significant number of tenants or a default by any of the major tenants on all or a significant portion of their leases, we would suffer decreased rents and possibly incur substantial costs in enforcing our rights as a landlord, which could have a material adverse effect on our business, results of operations and cash flows. Moreover, as many of the major tenants of the Modern Infrastructure Assets operate in correlated sectors such as logistics service and e-commerce, these tenants may be affected by the same macro-economic factors within a region. The financial conditions of certain major tenants in one sector may also affect the tenants operating in another sector. As a result, the deterioration in the performance of the Modern Infrastructure Assets due to the major tenants' weakened financial conditions could have a material adverse effect on our business, results of operations and cash flows.

We may not be able to acquire land in desirable locations on commercially reasonable terms and complete acquisitions of properties, and we may be unable to successfully operate self-developed and acquired properties.

The sustainable growth and success of our business significantly depend on our ability to continue acquiring land in desirable locations at commercially reasonable prices that are suitable for our development objectives. Our ability to acquire land depends on a variety of factors, some of which are beyond our control, such as overall economic conditions, the availability of land parcels offered by land owners or local governments, our effectiveness in identifying and acquiring land parcels suitable for development or redevelopment, competition for such land parcels, which may be contentious and even involve legal proceedings, and the time needed to obtain relevant government approvals. Furthermore, the rapid development of certain cities in which we conduct business in recent years has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. Land parcels located in convenient locations or connected by quality roads, highways and railroad access may command a premium price, which may exceed our budget. If we are unable to acquire suitable land parcels for future development or redevelopment in a timely manner or at favorable terms that allow us to generate reasonable economic returns, or successfully operate self-developed properties or acquired property portfolios, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

Further, we intend to continue to pursue acquisitions of properties in the markets we operate as opportunities arise. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of the properties. While our policy is to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities such as the presence of hazardous substances, such as asbestos, or other environmental liabilities, may occur which could limit our ability to complete such acquisitions or successfully operate an asset once acquired. See "—Due diligence on acquisitions and investments, either by us or by the funds and investment vehicles we manage, may not reveal all relevant facts in connection with an acquisition or investment, or identify all material defects or other deficiencies." Historically, there were occurrences of return and refund of land acquired by us. There is no guarantee that the lands or projects that we acquire in the future will be successfully developed or managed.

Acquisition activities of properties also include the following risks:

- the acquired properties may not achieve anticipated rental rates or occupancy levels, or may not be suitable for redevelopment;
- assumptions or judgments with respect to financial returns (including the occupancy rates and rents of a completed property) of acquired properties may prove inaccurate;
- we may incur unintended or unanticipated capital expenditures in connection with acquisitions or the vendors of our acquired properties may breach their obligations to us;
- we may abandon acquisition opportunities in respect of which we have incurred costs to explore. In the normal course of business, we enter into a number of non-binding memorandum of understandings for land for our future acquisition or development, but for which we have not entered into master investment agreements with regulatory authorities or private landowners. We cannot assure you that all of these memorandum of understandings will result in completed transactions, and we may be involved in legal disputes as a result of abandonment of relevant transactions;
- we may experience difficulty in obtaining the requisite licenses, permits, authorization or approvals from regulatory authorities, resulting in increases in development costs or delays in project construction;
- we may not be able to fully utilize land or property assets located in desirable locations due to restrictions on use or development; and
- in relation to our interests in properties held through joint venture arrangements, necessary joint venture partner approvals in connection with operations or expansions, if applicable, may not be granted in a timely manner, or at all.

Any or all of the foregoing factors may affect our business, results of operations, financial condition and future cash flows.

Dependence on leverage for investments made by us and by the funds and investment vehicles we manage could expose us to interest rate risks and adversely affect our results of operations.

We use leverage on investments made by us and by the funds and investment vehicles we manage. Our ability to achieve attractive yields and rates of return on our balance sheet investments and the investments of the funds and investment vehicles we manage may depend on our continued ability to access sufficient sources of debt financing at attractive or acceptable rates. Due to the use of leverage, indebtedness may constitute a majority of the asset value of certain Modern Infrastructure Assets, and may constitute a majority of the asset value of future properties that we acquire. An increase in either the general levels of interest rates or in the risk spread demanded by sources of financing would make it more expensive to finance those investments.

Leveraged investments are inherently more sensitive to declines in revenue, increases in expenses and interest rates and adverse economic, market and industry developments. The incurrence of a significant amount of indebtedness by us or the funds and investment vehicles we manage could, among other things:

- give rise to an obligation to make mandatory prepayments of debt using excess cash flows, which might limit our ability or the ability of the funds and investment vehicles we manage to make unplanned but necessary capital expenditures or to take advantage of growth opportunities;
- limit our ability or the ability of the funds and investment vehicles we manage to adjust to changing market conditions, thereby placing us or the funds and investment vehicles we manage at a competitive disadvantage;
- limit our ability or the ability of the funds and investment vehicles we manage to engage in strategic acquisitions that might be necessary to further expand our business or generate further growth; and
- limit our ability or the ability of the funds and investment vehicles we manage to obtain additional financing or increase the cost of obtaining such financing, including for capital expenditures, working capital or general corporate purposes.

Our profitability may be affected by revaluation of the properties held on our balance sheet, as well as the properties held by the funds and investment vehicles that we manage.

We measure our Balance Sheet Assets initially at cost. Subsequent to initial recognition, we are required to reassess the fair value of the properties held on our balance sheet at every reporting date for which we issue financial statements. The valuations will be based on market prices or alternative valuation methods, such as discounted cash flow analysis based on estimated future cash flows. In accordance with IFRS, we recognize changes to the fair value of the properties held on our balance sheet as a gain or loss (as applicable) in our consolidated statement of profit or loss in the period in which they arise. The fair value gains on our investment properties held on our balance sheet in 2020, 2021 and 2022 were RMB2.3 billion, RMB3.0 billion and RMB3.6 billion, respectively. The profits attributable to our equity holders may include gains and losses that arise from revaluation of the properties held on our balance sheet, which may be volatile. However, fair value gains on the properties held on our balance sheet would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses on the properties held on our balance sheet would have a negative effect on our results of operations, even though such losses would not change our cash position. The amount of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions and may be subject to market fluctuations. Additionally, valuations are subject to judgments and estimates that may be subjective and are made on the basis of assumptions that may not necessarily materialize. See "—The valuation of the Modern Infrastructure Assets contains assumptions that may not materialize or may prove inaccurate and the value of the Modern Infrastructure Assets may not reflect the current value of such assets." There is no assurance that the fair value of the properties held on our balance sheet will not decrease in the future. Any such decrease in the fair value of the properties held on our balance sheet will reduce our profits, which in turn may have a material adverse effect on our business, financial condition, results of operations, performance and prospects. In addition, we cannot assure you that we will be able to recognize comparable fair value gains on the properties held on our balance sheet in the future and we may also recognize fair value losses, which would impact our results of operations for future periods.

Furthermore, properties held by the funds and investment vehicles we manage are also subject to revaluation according to accounting standards that apply to them. The amount of revaluation adjustments has been, and may continue to be, significantly affected by the factors set forth in the paragraph above. We cannot assure you that we will be able to continue to recognize fair value gains on the properties held by the funds and investment vehicles we manage, which benefit our minority interests in the funds and investment vehicles we manage and our results of operations. From time to time, the funds and investment vehicles we manage may even experience fair value loss, which would impact our results of operations for future periods.

Fluctuations in our gains on disposal of project companies, which may vary from period to period, could have a material adverse effect on our business, results of operations, financial condition and future cash flows.

Gains on disposal of project companies represents our gains from the sale of our equity interests in subsidiaries holding our investment properties. While we intend to continue disposing of our properties in implementing our capital recycling strategy, fluctuations in the timing of these transactions subjects us to a risk that our income fluctuates from period to period. In the years ended December 31, 2020, 2021 and 2022, we recorded gains on disposal of project companies of RMB447.2 million, RMB110.7 million and RMB363.1 million, respectively. Any fluctuations in our gains on disposal of project companies could have a material adverse effect on our business, results of operations, financial condition and future cash flows. For more information, see the section headed "Financial Information—Description of Major Components of Our Results of Operations—Other Income and Gains, Net—Gains on disposal of project companies" and Note 36 to the Accountants' Report in Appendix I to this document.

Our profitability may be affected by our finance costs.

We fund our business operations, such as asset acquisitions, through internally generated cash flows and external financing, including private equity fundraising, as well as debt financing from JD Group and independent financial institutions, among other things. As a result of our financings, we record significant finance costs. In 2020, 2021 and 2022, we incurred finance costs of RMB10.7 million, RMB610.6 million and RMB1.1 billion, respectively. For details, see the section headed "Financial Information—Description of Major Components of Our Results of Operations—Finance Costs" in this document.

Some of our outstanding borrowings are subject to floating rates. As commercial banks in the PRC link the interest rates on their bank loans to benchmark lending rates published by the People's Bank of China, any increase in the benchmark lending rates will increase the interests expenses and finance costs related to our developments. To the extent the governments in the countries where we operate slow the development of the modern infrastructure industry by increasing lending rates to the sector, our cost of financing may be adversely affected. As such, any increase in interest rates offered to us may significantly impact our results of operations. Additionally, a general increase in the demand for loans in the countries where we operate may increase applicable interest rates, resulting in additional interest costs for us. If we are not able to negotiate lower financing costs, our net profit and results of operations may be materially and adversely affected by our total financing costs.

Covenants in our credit agreements limit the flexibility of our operations and breaches of these covenants could adversely affect our financial condition.

The terms of our various credit arrangements require compliance with a number of both restrictive and financial covenants, including, among others, negative pledges, limitations on the incurrence of indebtedness, restrictions on the distributions to shareholders and requirements to provide notice for certain significant corporate events. These covenants could limit the flexibility of our operations. For example, some of our subsidiaries are subject to covenants that restrict them from distributing dividends, restructuring or transferring material assets. In addition, borrowings under certain loan agreements between our subsidiaries and banks or other financial institutions are not allowed to be used for purposes other than the development of the projects specified in the agreements. See the section headed "Financial Information—Indebtedness—Bank Loans and Other Borrowings from External Parties" in this document. Breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness and the acceleration of repayment of such indebtedness. Certain of our credit agreements also contain cross-default or cross-acceleration provisions that would permit the lenders thereunder to accelerate repayments of indebtedness in the event of a default or acceleration of repayment of other material indebtedness. Any breaches of such covenants could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

As a company with operations in the PRC and overseas markets, our business may be affected by regional and global economic and political developments.

Regional and global economic factors may adversely affect the economic growth in countries in which we do business, including the countries where we operate. For example, the PRC economy has experienced slowing investments in recent years and may face additional pressures due to the impact of Sino-U.S. trade conflicts. As a company with operations in the PRC, Southeast Asia and Europe and serves a number of logistics service providers, e-commerce companies, manufacturers and retailers in these regions, the slowing business activities in these sectors may cause a decrease in the market demand for modern logistics infrastructure in these regions, and as a result, our business, financial position and results of operations may be materially and adversely affected. There can be no assurance that a recession or slower economic growth globally or in countries where we operate will not result in reduced demand for modern logistics properties, a decrease in the confidence of our tenants, capital partners and shareholders, or lower property prices in countries in which we do business. Moreover, the performance of the Modern Infrastructure Assets depends, in part, on the volumes of trade flowing through the countries and regions where we operate, including the PRC, Southeast Asia and Europe. Factors such as more favorable regulatory, taxation and tariff regimes, cheaper terminal costs, cost competitiveness of competing ports and the growth of the logistics service, e-commerce, retail and manufacturing sectors may divert trade away from these regions. Furthermore, our business also faces risks from the political climate in the countries in which we operate. For example, the Russia-Ukraine conflict has caused, and continues to intensify, significant geopolitical tensions in Europe and across the world. This conflict and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. In addition, Indonesia and Vietnam may experience political instability, and the regulatory environment in Indonesia and Vietnam is subject to uncertainties. These regional conflicts and political instability could have an adverse impact on the economic and social conditions of those countries, resulting in a material adverse effect on our business, financial condition, results of operations, performance and prospects in those countries.

As of December 31, 2022, all of our Modern Infrastructure Assets were located in the PRC, Southeast Asia and Europe. Our results of operations, financial conditions, business and future growth depend, to a large extent, on the operational and financial performance of the Modern Infrastructure Assets in and the general economic conditions of these markets. Over the past decade, inflation, currency and interest rate fluctuations, national fiscal and monetary policies, and other factors have adversely affected many countries in which we operate. Any further severe economic decline in countries where we operate could adversely affect our results of operations and future growth. In addition to being affected by global, regional and local economic conditions, property values in the countries where we operate have in the past been affected by the supply and demand of comparable properties, rental yield fluctuations, political developments, capital restrictions, governmental regulations and taxation, which may have a material adverse effect on our results of operations, financial conditions, business performance and prospects.

We may expand our business into other countries in connection with our business strategy, resulting in changes to our risk profile as it encompasses the risks in each of the countries or businesses which we expand into. Our results of operations, financial conditions, business performance and prospects may be materially and adversely affected by risks in these countries, including, but not limited to, risks relating to adverse economic conditions, political instability, and property market developments and dynamics.

Our business and the funds and investment vehicles we manage require significant upfront investment, and we and the funds and investment vehicles we manage may experience lower than expected returns on such investment.

Our business involves developing properties on our balance sheet and through the funds and investment vehicles we manage. Infrastructure development requires significant upfront investment. In 2020, 2021, and 2022, we incurred capital expenditure of RMB6.5 billion, RMB7.7 billion and RMB12.1 billion, respectively, primarily attributable to capital expenditure on (i) investment properties, including land acquisition and constructions costs, (ii) property, plant and equipment, (iii) land use rights, which represent prepayment portion for land acquisition, and (iv) other tangible and intangible assets, primarily including computer software. In addition, we have made equity capital investments to the funds and investment vehicles we manage. We and the funds and investment vehicles we manage may experience lower returns on our investments, including on our equity capital investments, due to a number of reasons, many of which are beyond our control, including the overall economic conditions in the markets in which we operate, increase in interest rates or construction costs, delays in obtaining governmental permits and authorizations, default by counterparties with respect to the obligation to return cash deposits for land transactions in the event they are terminated, competition from other available logistics infrastructures and new entrants into the logistics infrastructure market, fluctuation of rental rates and variable operating costs and any downward cycle of the industries in which our existing and prospective tenants operate. If we fail to identify, attract and retain tenants for the Modern Infrastructure Assets, we will not be able to generate any operating cash flow from these properties to recover the significant upfront investment in our business and/or in the funds and investment vehicles we manage, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. We also have investments in the funds and investment vehicles. There is no assurance that these investments may experience expected or higher than expected returns.

We may not be successful in executing our business strategy, including the expansion into new geographical locations.

Our business model involves developing, operating and managing modern infrastructure, either owned directly by us or by the funds and investment vehicles we manage, and managing such funds and investment vehicles. As we expand into new geographic locations, we may face uncertainties and challenges due to our unfamiliarity with local regulatory practices and tenants' preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. These uncertainties, in particular in Southeast Asia and Europe given our relatively short track record in these two regions, affect our development schedule and therefore our ability to meet stated goals. In addition, whether we can successfully expand into these new locations depends on many factors which are beyond our control, including whether we can find suitable sites at reasonable costs in urban areas, whether we can establish and maintain cooperative relationships with local governments, and whether we can raise capital for the funds and investment vehicles in the new locations. Further, expanding our business into new locations may entail competition with logistics property providers who have better-established local presence or better relationships with local governments or greater access to local labor, expertise and knowledge than we do. See "—We face intense competition which could adversely affect our results of operations and market share."

We may face difficulties in realizing the benefits of any acquisitions and successfully integrating acquired businesses.

Our historical acquisitions have created synergies to our business. For example, our acquisition of CNLP has allowed us to expand our logistics infrastructure network in the PRC, and our acquisition of the logistics asset portfolio in Indonesia has enabled us to enter the local market with distinct advantage. However, we may face difficulties in integrating CNLP's business and the logistics asset portfolio in Indonesia into our operations and realizing the expected benefits from the acquisitions, which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects. For more information on the risks related to our acquisition of CNLP, see the paragraph headed "—We may not realize the expected benefits of our acquisition of CNLP" in this section.

We may in the future continue to evaluate potential acquisition opportunities and pursue acquisitions of major businesses. Prior to completing any acquisition, we identify expected synergies, cost savings and growth opportunities. However, due to legal, regulatory and business limitations, we may not have access to all necessary information and, as a result, will face the operational and financial risks inherent in such acquisition. The integration process, particularly in connection with a transformative acquisition, may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure to implement the business plan for the combined business;
- delays or difficulties in completing the integration of acquired companies or assets, including unanticipated issues in integrating logistics, information, communications and other systems;
- higher than expected interest expenses in relation to the historical debts incurred by the acquired company, higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- failure to maintain the continuity or integration of operations or employees;
- retaining key tenants, suppliers, business partners and capital partners;
- retaining, renewing and obtaining required regulatory approvals, licenses and permits;
- diversion of the attention and resources of management;
- assumption of liabilities not identified in due diligence;
- difficulties in establishing and maintaining effective internal controls;
- potential litigations from existing shareholders for any deficiencies in due diligence process and overpriced considerations or potential litigations or arbitrations from us seeking indemnification from the acquired entity; and
- other unanticipated issues, expenses and liabilities.

Any such acquisition, or the failure to complete any future intended acquisition, may have a material adverse impact on our business, financial condition, results of operations, performance and prospects. For example, to ensure the smooth integration of our business and an acquired business and to create synergies for each other, a certain degree of optimization and integration will be required with respect to tenant resources management, marketing, technical research and development, financial accounting and human resources management of us and the acquired business. However, it is uncertain whether such integration can be successfully implemented, if at all. If the relevant risks of such integration are not properly managed or the expected benefits of an acquisition fail to materialize, the post-acquisition business may risk losing key employees, senior management team and/or tenant, supplier, capital partner and other business partner relationships, which may have a material and adverse effect on our business, financial condition, results of operations, performance and prospects.

We may not realize the expected benefits of our acquisition of CNLP.

In July 2022, we completed the acquisition and privatization of CNLP, which is principally engaged in the building and leasing of logistics infrastructure facilities and the related management services in the PRC. We intended to employ CNLP as part of our strategy to further expand the customer base and tap into new geographical locations. Through the acquisition of CNLP, we were able to penetrate into certain new cities, and significantly strengthen our infrastructure network in China to better serve our customers.

Our valuation of CNLP, and the consideration offered for the transaction was determined based on, among other things, our estimation of their value, the publicly listed price of CNLP securities and the negotiation processes with the CNLP board. However, our valuation may not be entirely accurate, due to various factors such as our lack of full access to all the financial materials of CNLP prior to the acquisition, and the possibility that the assumptions we made in our evaluation prior to the acquisition do not align with CNLP's actual performance in the future. If the anticipated benefits of our acquisition of CNLP are not realized or if we are unable to address the risks related to its business, financial condition, results of operations, performance and prospects may suffer and our investment in CNLP may be at risk.

Besides the risks elaborated in details under "—We may face difficulties in realizing the benefits of any acquisitions and successfully integrating acquired businesses," the risks specifically associated with the acquisition of CNLP and its business include the following:

- Change of control provisions: Our acquisition of CNLP, and the delisting of CNLP, may trigger change of control and similar provisions under certain financing arrangements and property leases to which CNLP are party to. We cannot assure you that the relevant counterparties will not opt to exercise their rights relying on change of control provisions. If counterparties to the relevant agreements exercise termination or other rights in respect of the change of control of CNLP, our financial performance and results of operations could be materially adversely affected;
- Termination for convenience: There is a risk that existing material agreements may be terminated, lost or impaired, or renewed on less favorable terms.
- Goodwill Impairment: We recorded goodwill in connection with our acquisition of CNLP during the Track Record Period. If the businesses of CNLP cannot generate the financial results as we expect, it could result in the use of substantial amounts of cash, the occurrence of significant goodwill impairment charges, amortization expenses and exposure to potential unknown liabilities, which may have a material and adverse effect on our financial condition and results of operations.

Certain facts and statistics derived from CNLP's public disclosure may not be reliable.

We have derived certain facts, statistics and business and financial information relating to CNLP, including pre-acquisition financial information of CNLP set forth in "Appendix II—Audited Financial Statements of CNLP" in this document, from information disclosed by CNLP in its various public disclosures. While we have taken responsible care in the reproduction of such information, it has not been prepared or independently verified by us, the **[REDACTED]**, the **[REDACTED]**, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any other party involved in the **[REDACTED]** and, therefore, we cannot assure you as to the accuracy and reliability of such facts, statistics and information. We cannot assure you that the information derived from CNLP's public disclosures was stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere in this document. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts and statistics.

Our results of operations may fluctuate significantly from period to period due to various factors that are beyond our control.

Our results of operations may fluctuate from period to period due to a combination of various factors, including the overall development schedule of our projects, our acquisition of target assets or target companies, the timing of our asset disposal as part of our capital recycling strategy, the timing and the amount of GFA, our revenue recognition policies, changes in costs and expenses, such as property tax expenses and property operation and management fees, finance costs, changes in fair values of the Modern Infrastructure Assets, and financial instruments, as well as certain non-recurring expenses. For example, we expect to incur **[REDACTED]** expenses in connection with the **[REDACTED]** in interim and annual result in 2023.

Accordingly, our interim results for a certain period may not be indicative of our performance for that financial year or otherwise comparable to our results in previous periods. In addition, the period-to-period comparisons of our operating results may not be as meaningful to us as a result of our rapid expansion in recent years and in the future. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially adversely affected.

Goodwill impairment may negatively affect our reported results of operations.

During the Track Record Period, we recorded goodwill in connection with our business combinations and acquisitions, and did not record any impairment of such goodwill during the same period. If the businesses we acquired cannot generate the financial results as we expect, it could result in the use of substantial amounts of cash, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities.

Goodwill is initially measured at cost, and tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Performing the goodwill impairment test requires us to make an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There are inherent uncertainties related to these factors and to our judgment in applying these factors to the assessment of goodwill recoverability. We could be required to evaluate the recoverability of goodwill prior to the annual assessment if there are any impairment indicators which could potentially be caused by our failure to successfully integrate the operations of the acquired businesses with other operations. Impairment charges could substantially affect our reported results of operations in the periods of such charges. In addition, impairment charges would negatively impact our financial ratios and could limit our ability to obtain financing in the future.

Failure of our joint ventures or associates to perform as anticipated could have a material adverse effect on our business, results of operations, financial condition and future cash flows.

Our investments in joint ventures and associates represent our share of interests in funds and project companies. Our investments in joint ventures and associates was RMB1.6 billion, RMB2.9 billion and RMB3.3 billion as of December 31, 2020, 2021 and 2022, respectively. Our share of profits and losses of joint ventures and associates, net was RMB122.0 million, RMB313.9 million and RMB252.5 million for the years ended December 31, 2020, 2021 and 2022, respectively. We may be exposed to special risks in the decision-making processes of our joint ventures and associates as certain corporate actions of our joint ventures and associates require approval of all joint venture and associate partners whilst our joint venture and associate partners may have economic or business interests or goals that are inconsistent with ours and may take actions contrary to ours. As a result, we are generally not in a position to exercise sole decision-making authority with respect to these joint ventures and associates. If any of our joint ventures or associates fail to perform as anticipated, or if for any reason, including the need to retain cash for operations, any of our joint ventures or associates are unable to declare any dividends, even if the share of profits of these joint ventures and associates are consolidated into our accounts under equity accounting method, we may not receive cash payments for our share of profits on a timely basis, or at all, which could have a material adverse effect on our business, results of operations, financial condition and future cash flows. In addition, there is liquidity risk associated with our investments in our joint ventures and associates. A disposal of our interests in our joint ventures is subject to certain pre-emptive rights on the part of the other joint venture partners or certain other restrictions. As a result, a disposal of our interests in our joint ventures may require a longer time to complete, if at all, than a disposal of our investments in publicly-listed companies or of our wholly-owned subsidiaries or assets. For more information, see "Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position—Investments in Joint Ventures and Associates" in this document.

Due diligence on acquisitions and investments, either by us or by the funds and investment vehicles we manage, may not reveal all relevant facts in connection with an acquisition or investment, or identify all material defects or other deficiencies.

Before making acquisitions and investments, either by us or by the funds and investment vehicles we manage, we generally conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each acquisition or investment. When conducting due diligence and making an assessment regarding an acquisition or an investment, we rely on the resources available to us, including information provided by the target of the acquisition or investment or seller of a property and, in some circumstances, third-party investigations. As part of the due diligence process, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Third party property appraisers, market consultants, legal advisors, accountants and financial advisors may be involved in the due diligence process in varying degrees depending on the type of acquisition or investment. However, due diligence information or materials prepared by these third parties or the due diligence investigation that we will carry out with respect to any acquisition or investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such acquisition or investment opportunity. Public searches may not be available in certain jurisdictions and, even if they are available, such searches may have limited details or may not be up-to-date. In addition, even if our due diligence uncovers certain issues with respect to the acquisition, such as ongoing litigation affecting the target, we may decide to proceed with the acquisition due to strategic reasons. This could result in, among other things, management time and expenditure to resolve the outstanding issues. Finally, our acquisitions or investments, or the investments we make on behalf of the funds and investment vehicles we manage may not perform as expected.

In addition, although we believe that reasonable due diligence investigations with respect to the Modern Infrastructure Assets have been conducted prior to acquisition by us or by the funds and investment vehicles we manage, there is no assurance that the Modern Infrastructure Assets will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects or asbestos contamination) which may require additional capital expenditures, special repair or maintenance expenses. Further, the experts' due diligence reports that we rely upon as part of our due diligence process may be subject to inaccuracies and deficiencies. This may be because certain building defects and deficiencies are difficult or impossible to ascertain due to limitations inherent in the scope of the inspections, the technologies or techniques used, data forgery by engineering firms and other factors. As such, it is practically impossible or difficult to detect defects or deficiencies in properties through a due diligence process and there is no guarantee that the Modern Infrastructure Assets bear no defects in relation to the installation piles or other equipment used for construction. Such undisclosed and undetected defects or deficiencies, if any, may require significant capital expenditures or trigger repair and maintenance obligations to our tenants and involve significant and unpredictable patterns and levels of expenditure or reduction in rental income during the repair process which may have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We recorded net current liabilities as of December 31, 2020, 2021 and 2022. There can be no assurance that we will record net current assets in the future.

We recorded net current liabilities of RMB17.8 billion, RMB8.2 billion and RMB19.3 billion as of December 31, 2020, 2021 and 2022, respectively. See "Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position" for detailed analysis on our net current liability position. The net current liabilities position may expose us to liquidity risk, which could affect our ability to make necessary capital expenditure or expand business operations, and our business, operating results and financial condition could be materially and adversely affected. There can be no assurance that we will be able to improve our liquidity and record net current assets. If we continue to record net current liabilities, we may face a deficiency of working capital and may not be able to pay off current liabilities and meet our capital commitments. Any of these events could have a material adverse impact on our business prospects, financial position, and results of operations.

The limited liquidity of the Modern Infrastructure Assets could restrict our ability to respond to adverse changes in the property markets.

We opportunistically implement a capital recycling strategy where we dispose of certain Balance Sheet Assets to the funds or investment vehicles we manage. Our ability to complete the transfer of selected properties to the funds and investment vehicles we manage may be adversely affected by competition from other sellers, issues with planning, changes in the desirability of the locations of the assets, current market conditions (including capitalization rates and the underlying property fundamentals applicable to our Balance Sheet Assets) and the availability of financing for interested purchasers.

In particular, as the Modern Infrastructure Assets have limited liquidity, our ability to sell them in a timely manner or at all, including as an exit strategy of the funds we manage or in response to changing economic, financial and investment conditions, may be limited. The logistics infrastructure market is affected by many factors beyond our control, such as general economic conditions, availability of financing, fluctuations of interest rates, and supply and demand of properties. We cannot predict whether we will be able to sell any of the Modern Infrastructure Assets for the price or on the terms desired or set by us, or whether the price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser or to close a sale in respect of an investment property or other assets. In addition, we may be required to expend funds to maintain properties, correct defects, or make improvements before an investment property or certain other asset can be sold. There is no assurance that we will have sufficient funds available for these purposes. Any prolonged repair or maintenance process due to a shortage of funds may impede our ability to respond to adverse changes in the performance of the Modern Infrastructure Assets, which may have material adverse effect on our business, financial condition, results of operations, performance and prospects.

If we are unable to dispose of our Balance Sheet Assets on favorable terms or at all, we will not be able to execute our strategy, which could adversely affect our business, financial condition, results of operation, performance and prospects. Further, our capital recycling strategy may result in changes in our balance sheet and our income statement and may affect our profitability in the future. See "—Our capital recycling strategy may result in changes in our balance sheets and our income statement in the future" in this section.

Our capital recycling strategy may result in changes in our balance sheets and our income statement in the future.

We acquire land and develop modern infrastructure, either on our own or through the private funds and investment vehicles under our management, and then transfer mature, income-yielding assets to the funds and investment vehicles to which we provide fund management services or asset management services, among others. As a result, we realize fair value gains on completed investment properties, fair value gains on investment properties under construction, gains on disposal of project companies, and earn management fee income, among others. The disposed assets are also off our balance sheet upon the completion of such transfers. As we continue to recycle our capital and transfer our Balance Sheet Assets to funds or investment vehicles, we expect that our balance sheets and income statement will continue to change from time to time. Further, successful execution of our capital recycling strategy is subject to various factors including the variety of avenues of development available to us, risk and liquidity profiles in our fund management business and geographies where we operate, which may ultimately affect our results of operations. Our historical financials may not be indicative of our future financial performance and our operating results may change.

Our capital partners in the funds and investment vehicles we manage with commitment-based structures may not satisfy their contractual obligation to fund capital calls when requested by us, which could adversely affect the operations and performance of the funds and investment vehicles we manage.

The funds and investment vehicles we manage rely heavily on capital investment from our capital partners. Our capital partners make capital commitments to the funds and investment vehicles we manage during the respective commitment periods as prescribed in the organizational agreements for the funds and investment vehicles we manage, and we, as the general partner or the investment manager, on behalf of such funds and investment vehicles, are entitled to call capital from those capital partners at any time during such periods. We depend on capital partners fulfilling their commitments when called to fund, investments and otherwise fulfill their obligations when due. As of the Latest Practicable Date, we have not had any capital partners who fail to honor capital calls to any meaningful extent. A capital partner that does not fund a capital call will be subject to several possible penalties, including having a significant amount of its existing investment in that fund or investment vehicle forfeited, indefinite suspension of such capital partner's right to vote or consent on any matters requiring the consent of capital partners under the applicable organizational agreement, or having the drawdown of its entire undrawn commitment accelerated. However, the impact of these penalties can be limited. For example, the investment forfeiture may be less meaningful if a capital partner has little or no prior capital investment and the forfeiture occurs early in the life of the fund or investment vehicle. Capital partners may in the future also negotiate for fewer or reduced penalties in the organizational agreements of the fund or investment vehicle, thereby reducing the enforceability of a capital call. In addition, we have a certain level of concentration of major capital partners, which increases our risk exposure if any of the major capital partners were to default. If our capital partners were to fail to satisfy a significant amount of capital calls for any particular fund or investment vehicle, the operation and performance of such fund and investment vehicle could be materially and adversely affected and/or an intended investment may not be able to be made, which could further have a material adverse effect on our management fee income, business, financial condition, results of operations, performance and prospects.

We may not be able to sustain our business relationships with existing capital partners and may fail to form relationships with new capital partners, either of which may adversely affect our financial condition and results of operations.

Our business depends on our ability to maintain relationships with our existing capital partners and form relationships with new capital partners. Our funds and investment vehicles cease to have the right to call capital from our capital partners for new projects that have not been identified and approved after the investment period. Also, our capital partners may choose not to continue to invest with us in new funds and investment vehicles we seek to set up, upon the winding down of the funds and investment vehicles in which they have originally invested. In addition, we may fail to form relationships with new capital partners and, as a result, fail to diversify capital sources other than from our current capital partners. While we have not experienced any forced sale of our Fund Assets or any material redemption by our capital partners with respect to their investments during the Track Record Period and up to the Latest Practicable Date, if any of the foregoing occurs, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We possess certain management rights as part of our fund management operations. The organizational agreements of the funds and investment vehicles we manage contain provisions such as capital partner exit provisions or allow capital partners to resolve to remove us as the general partner under certain circumstances. Our material default or underperformance with respect to the funds and investment vehicles we manage or may manage in the future may give rise to risks that the general partner mandates can be canceled or otherwise changed, and that we may have to indemnify the funds and investment vehicles we manage or may manage in the future for certain losses incurred, subject to certain conditions. While we have not experienced any of the forgoing events during the Track Record Period and up to the Latest Practicable Date, if any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We may not enter into agreements with our capital partners on commercial terms more favorable to us under certain circumstances.

We earn fee income and promotes from managing funds and investment vehicles, as well as managing the Fund Assets on behalf of our capital partners. Our fees mainly include fund management fee, asset management fee, professional service fees and promote, among others. We also participate in a disproportionate share of profits through promotes after our capital partners have received their preferred capital returns. In 2020, 2021 and 2022, our fund management income amounted to RMB72.2 million, RMB145.8 million and RMB132.0 million, respectively. Our management fees are negotiated on a case by case basis under the organizational agreements of the funds and investment vehicles we manage, which generally have a term of more than five years. Because fund management fees are usually a percentage of the capital contributions made by the capital partners, the level of fund management fees we earn depends almost exclusively on the percentage we are able to negotiate with our capital partners.

Our capital partners may demand more aggressive commercial terms or lower fees under certain circumstances, such as decreases in the prevailing market rates of management fees, increases in the supply of competing services at terms more favorable to them, poor performance of investment funds and vehicles, or deteriorating economic conditions. Under such circumstances, fundraising conditions for the funds and investment vehicles we manage are likely to be challenging and pressures by capital partners for lower fees, different fee sharing arrangements or fee concessions may increase. If we are unable to agree to terms, which may be less favorable to us, we may lose capital support from our capital partners, which would affect our management fee income, financial condition, results of operations and performance.

As part of our business, we encounter conflicts of interest, and any failure to identify, address and resolve such conflicts of interest could adversely affect our business.

We develop, own or manage Modern Infrastructure Assets and dispose of certain Balance Sheet Assets to the funds and investment vehicles to which we act as the general partner and/or asset manager. From time to time as part of our business model, we acquire and sell logistics properties both on our balance sheet and for the funds and investment vehicles we manage. We have in the past and expect in the future to encounter conflicts of interest including, but not limited to, the following situations:

- our fiduciary and contractual obligations to our capital partners in the funds and investment vehicles we manage may preclude us from pursuing investment opportunities for our own balance sheet;
- conflicts may arise among the funds and investment vehicles we manage as to which fund or investment vehicle is allocated a certain investment opportunity;
- conflicts may arise in allocating time, services, expenses, personnel and financial or other resources: (i) between the investment activities of the funds and investment vehicles we manage, on the one hand, and of our balance sheet, on the other hand; or (ii) among the investment activities of the funds and investment vehicles we manage; and
- conflicts may arise in our capital recycling strategy, through which the funds and investment vehicles we manage may seek to effect a purchase or sale of an asset from or to one or more of the other funds or investment vehicles we manage, or we may seek to effect a purchase or sale of a Balance Sheet Asset from or to a fund or investment vehicle we manage. Because we undertake various roles simultaneously in such transactions (such as the owner and seller of the asset as well as the investment manager of the fund or investment vehicle which purchases the asset, or the investment manager of the fund or investment vehicle which sells the asset and the investment manager of the fund or investment vehicle that purchases the asset), and there is no open market bid to substantiate the purchase price of the relevant asset, there may be a conflict between our interests and the interests of our capital partners, as well as a conflict between the interests of capital partners of different funds. In addition, conflicts may arise with respect to our rights to receive fees or other compensation in connection with specific transactions. For example, sometimes we negotiate on both sides with respect to such sales, conflicts may arise as we try to maximize the fees we earn and represent the interests of different capital partners or investors simultaneously.

Although the organizational agreements of the funds and investment vehicles we manage have clauses prescribing procedures on conflict of interest matters, we cannot assure you that we could identify, address and resolve all such potential, perceived or actual conflicts of interest. We may fail to identify all conflicts or fail to effectively resolve conflicts and/or the perception of conflicts. We may not be able to resolve all conflicts in a way suitable to us or to our capital partners. If we fail to identify, address and resolve conflicts, our business and our reputation may be damaged. The willingness of capital partners to enter into agreements with us or invest in the funds or investment vehicles we manage may be adversely affected if we fail, or appear to fail, to deal appropriately with conflicts of interest or fulfill our fiduciary and contractual obligations. Conflicts of interest not properly addressed and/or resolved could give rise to claims by and liabilities to capital partners, litigation or enforcement actions. As a result, we may be obligated to bear legal, settlement and other costs. If we are unable to effectively manage conflicts of interest, we may not be able to carry on with our capital recycling strategy, and our business, financial condition, results of operations, performance and prospects could be materially adversely affected.

The organizational agreements of the funds and investment vehicles we manage include provisions that constrain our ability to take certain actions without the approval of our capital partners, including with respect to investment opportunities.

We have partnered with respect to, or acquired interests in, funds and investment vehicles we manage to acquire logistics properties. Cooperation and agreement among us and our capital partners on the acquisition of logistics properties is critical for the operation and financial viability of the funds and investment vehicles we manage. Certain actions or decisions of the funds and investment vehicles we manage require the approval of investment committees consisting of representatives from us and capital partners, including but not limited to amendments to the leverage policies and limitations, potential conflict of interest matters, deviation to budget and plan and amendment to the distribution policies. These arrangements may involve certain risks associated with the possibility that our capital partners may:

- have economic or business interests or goals that are inconsistent with each other or our own and act in a manner that does not serve our interests or goals;
- take actions contrary to the instructions or requests of us or contrary to our policies or objectives with respect to our investments;
- vote on business, financial or management decisions with which we do not agree;
- be unwilling to fulfill their obligations or unable due to financial or other difficulties; or
- have disputes with us as to the scope of their and our responsibilities and obligations, and with regard to the performance of their or our obligations.

In particular, our capital partners may disagree as to whether to invest in investment opportunities we have identified due to their different perception of the risk-return profile of the assets and they may exercise veto rights pursuant to the relevant shareholders agreements or partnership agreements. As we typically do not hold a majority interest in most of the funds and investment vehicles we manage, we may not be able to proceed with certain investment opportunities and our ability to efficiently deploy resources to take advantage of new investment opportunities in a timely and efficient manner may be restricted. Further, we may not be able to effectively implement our capital recycling strategy if the sale of assets from our own balance sheet to funds or investment vehicles we manage or sales between the funds and investment vehicles we manage are vetoed by our capital partners.

If we were to have a significant disagreement with our capital partners, such disagreement may have a material adverse effect on our reputation and the success of the funds and investment vehicles we manage. In addition, a disposal of our interests in a fund or investment vehicle is subject to certain contractual restrictions. As a result, a disposal of our interests in a fund or investment vehicle may require a longer time to complete, if at all, than a disposal of a wholly-owned asset. If any of the foregoing occurs, our business, financial condition, results of operations, performance and prospects will be materially and adversely affected.

Our business and industry are subject to significant and evolving regulation and supervision by regulatory authorities in certain jurisdictions, and compliance failures and changes in regulation could adversely affect us.

Our operations are subject to various laws and regulations of the countries where we operate. Our activities in relation to the Modern Infrastructure Assets are limited by planning laws and regulations, the terms of the relevant government land leases, and other regulations enacted by the authorities in these markets. Developing properties, refurbishing, re-developing and operating properties require government permits, some of which may take longer to obtain than others. The Modern Infrastructure Assets are subject to routine inspections by the authorities in these markets with regard to various safety and environmental issues, among other potential issues. Changes in laws and regulations or the implementation thereof may require us to obtain additional approvals and licenses from the relevant authorities for the conduct of our operations in these markets. In such event, we may incur additional expenses to comply with such requirements, which may affect our business and results of operations. Furthermore, there may also be delays on the part of the administrative authorities in reviewing our applications and granting approvals, and there can be no assurance that such approvals or licenses will be granted to us promptly, or at all. If we experience delays in obtaining, or are unable to obtain, such required approvals or licenses, the investment, development and leasing of the Modern Infrastructure Assets could be substantially disrupted, which may have a material adverse impact on our business, financial condition, results of operations, performance and prospects. The occurrence of any of the foregoing may have a material adverse effect on our financial condition, results of operations and cash flow.

Our fund management activities are subject to significant regulation and supervision in the jurisdictions where we operate, and we incur compliance costs accordingly. In particular, in the PRC, it typically takes longer time to complete fund management registration before setting up a new fund vehicle, which may delay our implementation of our strategy in the PRC. We may be materially affected if new or revised legislation or regulations are enacted, or if there are changes in the interpretation or enforcement of existing rules and regulations that apply to us. Such events could increase our costs of doing business, require us to restructure the way in which we carry on our business, or render us unable to continue all or part of our business, which in turn could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. See the section headed "Regulations" in this document.

We are subject to risks related to our use of independent service providers for the provision of essential services, including construction services in particular.

We engage contractors and independent third-party service providers in connection with our business, including construction contractors, property management companies and property valuers, among others. Our in-house teams work with third-party contractors with respect to design and construction in the project development process. We engage third-party service providers to conduct property maintenance work and provide security services on the premises of our Modern Infrastructure Assets, including regular cleaning, repairing and security for our infrastructures assets, under the supervision of our property manager. We engage third-party valuers to perform independent valuations of the Modern Infrastructure Assets. There can be no assurance that our contractors or independent service providers will always perform to contractual specifications or on schedule, or that such contractors or providers will continue their contractual relationships with us under commercially reasonable terms, if at all, and we may be unable to source adequate replacement services in a timely or cost-efficient manner. Properties that we develop with the help of third-party contractors may prove to have defects for which we are not able to hold the contractor responsible and we would be required to spend additional time and expense on implementing remedial measures.

There is also a risk that our major contractors and service providers may experience financial or other difficulties, such as labor disputes, which may affect their ability to discharge their obligations, thus delaying the completion of their work which may result in additional costs for us or the funds or investment vehicles we manage. Any of these factors could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our reputation, financial position and business operations. In addition, as we are expanding our business into other geographical locations in the PRC and overseas market, there may be a shortage of third-party contractors that meet our quality standards and other selection criteria in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors in a timely manner, which may adversely affect the construction schedules and development costs of our logistics park projects and may also materially and adversely affect our business, results of operations and financial conditions.

We may not successfully manage our growth.

Our growth requires us to improve managerial, technical and operational knowledge and allocation of resources, to implement an effective information management system and to strengthen management control across our businesses. We need to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties for our existing operations. Our ongoing operations and future growth both require sufficient capital from internal sources and additional access to financing from external sources to sustain. In the event that we develop or invest in new businesses ancillary or related to our existing businesses, such diversification may place significant demands on our management and resources due to lack of experience or expertise necessary for the successful development of such new businesses. We may undertake potential acquisitions, establish joint ventures or enter into new strategic alliances, corporation agreements, memoranda of understanding and partnerships as part of our future business expansion plans, if suitable opportunities in the market arise. However, we may not successfully identify new acquisition opportunities or opportunities on favorable or acceptable terms to us. We may not be able to integrate successfully the acquired business into us or deal with difficulties, such as the loss of middle management and junior staff, failure to detect and rectify business, operational or financial issues of the acquired business, and to derive any synergies from such acquisitions, leading to increases in costs, time and resources. There can be no assurance that we will be able to manage our growth successfully or that our growth and expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition and results of operations.

Our risk management and internal control systems may not be adequate or effective in all respects and could materially and adversely affect our business, financial condition and results of operations.

We seek to establish risk management and internal control systems consisting of organizational frameworks, policies, procedures and risk management methods that are appropriate for our business operations and also seek to continue to improve these systems. However, there are inherent limitations in the design and implementation of risk management and internal control systems, and due to the significant size of our operations, such implementation may involve human error or mistakes. There is no assurance that our risk management and internal control systems will be able to identify, prevent and manage all risks, which may materially affect our business and results of operations. As a result, we may need to establish and implement additional risk management and internal control policies and procedures to further improve our systems from time to time.

We implement our risk management and internal controls by using a series of risk management methods. However, these methods also have their inherent limitations as risk management methods are generally based on statistical analysis of historical data as well as assumptions that risks in future periods share similar characteristics as risks in past periods. There is no assurance that such assumptions are always reliable. In addition, although we have established what we believe to be an advanced information technology system and have the benefit of industry and company data accumulated in our operations, our information technology systems may not be adequate in the collection, analysis and processing of these data, and our historical data and experience may not be able to adequately reflect risks that may emerge from time to time in the future. As a result, our risk management methods and techniques may not be effective in directing it to take timely and appropriate measures in risk management and internal controls. Our risk management and internal controls also depend on effective implementation by our employees.

Financial risks are inherent in our businesses. Although systems and procedures are in place to identify and report, on a timely basis, the liquidity, foreign exchange, interest rate and credit risks arising from the activities of our businesses, there can be no assurance that these systems and procedures will prevent any loss that affects our financial condition. Any failure of internal controls could have a material adverse effect on our businesses, results of operations and financial condition.

We depend on our senior management team and certain key senior personnel as well as skilled employees.

Our success largely depends upon the continued service and performance of our senior management, key personnel as well as skilled employees. In particular, our senior management has been crucial to the development of our business, culture and growth strategies. If we lose the services of any member of our senior management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit replacements, which could severely disrupt our business and impede our growth. If any member of our senior management joins a competitor or forms a competing business, we may lose know-how and business relationships with tenants, capital partners and suppliers, among others. If any of the foregoing were to occur, our business, financial condition, results of operations, performance and prospects may be materially and adversely affected.

We have experienced significant growth in recent years and therefore require more personnel with specific skill-sets as we continue to expand our operations. In particular, as we expand into new markets, we may require the expertise of individuals with relevant knowledge of the local market as well as an understanding of our international business. However, competition for talent is intense, especially for those who have the relevant skill-sets and experience in the industry. We cannot assure you that key personnel and skilled employees will always choose to stay with us. The loss of any of these key personnel or skilled employees, or the inability to attract and retain talent, could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We may be involved in disputes or legal and other proceedings in connection with the Modern Infrastructure Assets or arising from our operations from time to time, which could result in significant liabilities and reputational harm and could materially and adversely affect our results of operations, financial condition and liquidity.

We may be involved, from time to time, in disputes relating to our commercial arrangements and operations, environmental, health and safety, labor and employment, or other harms, including claims resulting from the actions of individuals or entities outside of our control. These disputes may lead to legal or other proceedings, and may cause us to incur additional costs or delays in our operations. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable orders, directives or decrees that may result in financial losses, and/or delay the construction or completion of the Modern Infrastructure Assets. Adverse outcomes in any litigation or other proceedings could have a material adverse effect on our brand image and reputation, as well as our business, results of operations, financial condition or prospects.

We are exposed to risk of litigation by capital partners of the funds and investment vehicles we manage, if our management thereof is alleged to constitute fraud, negligence, willful default, for breach of applicable laws or regulations, breach of the constitutive documents or breach of any other agreements we may have entered into with our capital partners or the relevant portfolio companies. Capital partners could sue us to attempt to recover amounts lost by the funds or investment vehicles we manage due to our alleged misconduct, up to the entire amount of the loss. Further, we may be subject to litigation arising from investor dissatisfaction with the performance of the funds or investment vehicles we manage. We are also exposed to risks of litigation or investigation relating to transactions where potential conflicts of interest were not properly addressed. See "—As part of our business, we encounter conflicts of interest, and any failure to identify, address and resolve such conflicts of interest could adversely affect our business." In such actions, we may be obligated to bear legal, settlement and other costs, which may be in excess of available insurance coverage. If we are required to bear all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or failure to obtain indemnification from the funds or investment vehicles we manage, our results of operations, financial condition and liquidity could be materially and adversely affected.

We may face corruption, bribery, money-laundering and other internal control risks, and we may not be able to successfully implement, monitor or comply with internal controls, policies and procedures.

We currently operate in five countries, some of which may be considered high-risk from an anti-bribery and anti-corruption perspective, and strict compliance with anti-bribery and anti-corruption laws may conflict with local customs and practices. We cannot assure you that our internal controls, policies and procedures are adequate or will protect us from improper conduct by our officers, directors, employees, representatives, third-party intermediaries, tenants, business partners or agents. In the event that we believe or have reason to believe that any such party has or may have violated such laws, we may investigate (or have outside counsel investigate) the relevant facts and circumstances. Detecting, investigating and resolving actual or alleged violations can be expensive and require a significant diversion of time, resources and attention from senior management. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of the foregoing could materially adversely affect our business, financial condition, results of operations, performance and prospects.

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in the jurisdictions where we operate. The anti-money laundering laws and regulations in the markets we operate require us to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Policies and procedures we have adopted may not completely eliminate instances where our operations may be used by other parties to engage in money laundering and other illegal or improper activities. We may not be able to fully detect money laundering and other illegal or improper activities in our business operations on a timely basis or at all, which could subject us to liabilities and penalties. If we fail to comply with applicable laws and regulations, we could be exposed to claims for damages, civil or criminal financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, we face other internal control risks of loss resulting from, among other factors, inadequate or flawed processes or systems, theft, and fraud. Operational risk of this kind can occur in many forms including, among others, errors, business interruptions, inappropriate behavior of, or misconduct by, our employees or those contracted to perform services for us, and third parties that do not perform in accordance with their contractual agreements. These events could result in financial losses or other damage to us. Furthermore, we rely on internal and external information technology systems to manage our operations and we are exposed to the risk of loss resulting from breaches in the security, or other failures, of these systems. See "—Any failure, inadequacy and security breach in our computer systems and servers may adversely affect our business." Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

The valuation of the Modern Infrastructure Assets contains assumptions that may not materialize or may prove inaccurate and the value of the Modern Infrastructure Assets may not reflect the current value of such assets.

Modern infrastructure is inherently difficult to value. Valuations are subject to judgments and estimates and are made on the basis of assumptions that may not necessarily materialize. Additionally, the inspection and other work undertaken in connection with a valuation exercise of modern infrastructure may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. There can be no assurance that our investment in our directly held properties or the property investment made by the funds and investment vehicles we manage will be realized at the valuations or property values recorded or reflected in our financial statements or in this document. We apply fair value accounting for all of the Modern Infrastructure Assets. Independent valuation is carried out on the Modern Infrastructure Assets, typically at least once every year. We assess the valuation of the Modern Infrastructure Assets to ensure that the carrying amount of each of the Modern Infrastructure Assets reflects the market conditions at the relevant financial reporting date. The value of the Modern Infrastructure Assets may fluctuate from time to time due to market and other conditions. There is no assurance that the Modern Infrastructure Assets will retain the price at which they may be valued or that our investment or the investment made by the funds and investment vehicles we manage in such properties will be realized at the valuation or property values we have recorded or reflected in our financial statements, and the price at which we may sell or lease any part or the whole of the properties may be lower than the valuation for those properties. Adjustments to the fair value of the Modern Infrastructure Assets could have an adverse effect on our financial performance. It may also affect our ability to obtain more borrowings, or result in us having to reduce debt, if the financial covenants in our financing and other agreements require us to maintain a certain level of debt relative to gross asset value, and such covenants are triggered as a result of adjustments to the fair value of the Modern Infrastructure Assets.

In addition to valuations of the Modern Infrastructure Assets, we also undertake due diligence on potential acquisitions in order to assess the risks associated with such acquisitions. However, such due diligence procedures may not reveal all risks or defects associated with a Modern Infrastructure Asset. See "—Due diligence on acquisitions and investments, either by us or by the funds and investment vehicles we manage, may not reveal all relevant facts in connection with an acquisition or investment, or identify all material defects or other deficiencies."

The expert appraisals and reports upon which we rely for the acquisitions and operations of Modern Infrastructure Assets are subject to significant uncertainties and assumptions.

We may obtain appraisals as well as engineering, environmental and seismic reports in connection with project assessment and site selection for new projects. However, these reports may not give a precise assessment of the past, present or future value or engineering, environmental or seismic conditions of the relevant properties. Furthermore, the appraisers and other experts use a variety of different review methodologies or different sets of assumptions, which could affect the results of such appraisals, reports and the conclusions that the appraisers, other experts and we can draw from them. Thus, different experts reviewing the same property could reach significantly different conclusions.

Engineering, environmental and seismic reports we have obtained for the Modern Infrastructure Assets may not reveal all material risks or liabilities and may not be an accurate reflection of such risks, because such risks are often hidden or difficult to evaluate. If we were to discover any significant, unidentified engineering, environmental or seismic liabilities, the value of the affected properties could fall, we may be required to incur additional costs and discharge of the liability could be time consuming.

The Modern Infrastructure Assets or parts thereof may be acquired compulsorily by governments of certain countries in which we operate under certain circumstances.

Governments of certain countries where we operate have the power to compulsorily acquire any land in the respective countries for the public interest pursuant to the provisions of applicable legislation. The likelihood of such acquisitions may increase as governments seek to acquire land for the development of infrastructure projects such as roads, railways, airports and townships. For example, the U.K. government has the right to compulsorily acquire land for public interest purpose. The PRC government also has the right to acquire compulsorily any land in the PRC pursuant to the provisions of applicable legislation. In certain circumstances, the PRC government may, where it considers to be in the public interest, terminate land use rights before the expiration of the term. The amount of compensation to be awarded for compulsory acquisition of property in the countries where we operate is assessed pursuant to the relevant laws and regulations. If any of the Modern Infrastructure Assets in the countries where we operate is acquired compulsorily by the relevant government, and we or the funds or investment vehicles we manage are not able to win a favorable judgment after appealing to the courts in the relevant jurisdiction for reconsidering the validity of such compulsory acquisition, the level of compensation paid to us or the funds or investment vehicles we manage pursuant to this calculation method may be less than the acquisition price which we or the funds or investment vehicles we manage paid for such properties.

The costs of the Share Incentive Plans may adversely affect our results of operations and any exercise of the options granted thereunder may result in a dilution of our shareholders' shareholdings.

For the years ended December 31, 2020, 2021 and 2022, we recognized share-based payment expenses of RMB70.0 million, RMB535.4 million and RMB419.9 million, respectively, in connection with the awards granted under the share incentive plans in effect during the Track Record Period. For details of our share-based payments, see Note 34 in Appendix I to this document. To further incentivize our employees to contribute to us, we may pay additional share-based compensation in the future. Issuance of Shares on any exercise of the Share Incentive Plans in the future would result in a reduction in the percentage ownership of our shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issuance.

We are subject to risks relating to foreign currency exchange rate fluctuations.

Because of the geographic diversity of our business, we receive income and incur expenses in a variety of currencies, including the Chinese Renminbi, Rupiah, Vietnamese Dong, GBP, Euro and U.S. dollar. We recorded foreign exchange gains of RMB91.5 million and RMB67.7 million in 2020 and 2022, respectively, and foreign exchange loss of RMB94.8 million in 2021. It is not possible to predict the effect of future exchange rate fluctuations on our assets, liabilities, income, cost of sales and margins. In addition, some of the currencies used by us may not be readily convertible or exchangeable or may be subject to exchange controls. Furthermore, while we receive income and incur expenses in a variety of currencies, we report our financial results in RMB. Therefore, fluctuations in currency exchange rates could adversely affect our reported financial results. The foreign exchange gains or losses we recorded in various line items in our profit and loss statements result from the settlement of foreign currency translations, which are translated into the functional currency of RMB using prevailing foreign exchange rates at the dates of the relevant transactions or valuation where items are re-measured, and from the translation at the year-end foreign exchange rates of the monetary assets and liabilities denominated in foreign currencies. Any future fluctuations in currency exchange rates could materially adversely affect our business, financial condition and results of operations.

Our business may continue to be materially and adversely affected by the effects or the after-effects of the COVID-19 pandemic.

Beginning in 2020, outbreaks of COVID-19 resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China. We took a series of measures to protect our employees, including temporarily closing our offices, facilitating remote working arrangements for our employees, and canceling certain business meetings and travels. The operations of our customers and suppliers were also impacted. In particular, as the logistics industries were negatively impacted by the COVID-19 pandemic, the demands for our logistics infrastructure and our services were reduced, thereby negatively impacting our results of operations. In addition, as the normal operations of suppliers were restricted or suspended from time to time, the timely construction and normal functioning of our properties were adversely affected, and certain of our investment properties under development may not have been finished on schedule.

The extent to which the pandemic may impact our results of operations going forward will depend on future developments which are uncertain and unpredictable, including potential resurgence of COVID-19, the appearance of new variants with different characteristics, the success or failure of efforts to contain or treat cases, and future actions we or the authorities may take in response to these developments.

We may suffer substantial losses in the event of a natural or man-made disaster, such as an earthquake, typhoon or other casualty event in the countries where we operate, which may not be covered by insurance.

Natural disasters, severe weather conditions, catastrophe or other events, all of which are beyond our control, may adversely affect the economy and infrastructure of the countries where we operate and/or result in severe personal injury, property damage and environmental damage, which may curtail our business operations and materially adversely affect our prospects, financial condition and results of operations. Some cities where we operate are under the threat of typhoon, flood, earthquake, severe storm, sandstorm, snowstorm, fire and drought. If any of the Modern Infrastructure Assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, our operations may be significantly interrupted and our business and financial condition may be adversely affected. The continuance of any of these events could increase the costs associated with our operations and reduce our ability to operate our businesses at their intended capacities, thereby reducing revenues and profitability.

In addition, insurance policies that we obtained generally do not cover certain types of losses such as war, civil disorder and acts of terrorism and/or our business interruption risks under certain circumstances and the claim amounts under insurance policies are subject to limits, which may not cover the total amount of any loss or liability incurred. Although we believe that we have adequate insurance arrangements in place to cover these risks, it is possible that our estimates may not be accurate and that accidents or incidents could occur which are not covered by these arrangements. Any substantial losses arising from the occurrence of any such accidents or incidents that are not covered by insurance could adversely affect our business and results of operations.

Potential liability for environmental issues relating to the Modern Infrastructure Assets could result in substantial costs.

As an owner, lessor, developer and manager of infrastructure assets in multiple jurisdictions, we are subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws and regulations in relation to climate change could impose significant costs or liabilities on us. The environmental laws and regulations that apply to any given project sites vary greatly according to the site's location, environmental condition and present and former uses, as well as the adjoining properties. Compliance or non-compliance with environmental laws and regulations may result in delays and/or the incurring of substantial costs and can severely restrict development activities for projects in environmentally sensitive areas. During the Track Record Period and up to the Latest Practicable Date, there had not been subject to any material fines or other material penalties due to non-compliance with environmental laws or regulations. However, there is no assurance that our policies and procedures will be effective in preventing non-compliance with environmental laws and regulations. If any part of any of our development projects is found to be non-compliant with certain environmental laws or regulations, we may be subject to suspension of operations or a part of our operations as well as fines and other penalties, which may materially and adversely affect our business, financial condition and results of operations.

In addition, the presence of hazardous or toxic substances on any of the Modern Infrastructure Assets may adversely affect our ability to sell such properties or to borrow using such properties as collateral and the value of such Modern Infrastructure Assets may decrease, and may cause us to incur penalties and clean-up costs. We may also become liable if, directly or indirectly, a third party is injured or otherwise suffers a loss as a result of the presence of toxic substances on the Modern Infrastructure Assets, and in such a case it is unclear whether we can be indemnified by those who are actually responsible. In such event, unanticipated clean-up costs that we may incur, the adverse effect on the ability to sell properties, the likely adverse impact on tenants affected by such substance, and the risk of prosecution by governmental authorities may materially adversely affect our business, financial condition, results of operations, performance and prospects.

Disruptions in the global capital and credit markets may adversely affect our operating results and financial condition.

To the extent there is turmoil in the global financial markets, this turmoil has the potential to adversely affect (i) the value of the Modern Infrastructure Assets; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance any outstanding debt when due; and (iv) the ability of tenants of the Modern Infrastructure Assets to enter into new leasing transactions or satisfy rental payments under existing leases. Disruptions in the capital and credit markets may also adversely affect the market price of the public REIT to which we act as the asset manager.

Accidents that occur at our Modern Infrastructure Assets may expose us to liability and reputational risk.

Accidents may occur at the Modern Infrastructure Assets. We engage third-party service providers to provide repair and maintenance services on the premises of the Modern Infrastructure Assets. Repair and maintenance services such as elevator maintenance involve the operation of heavy machinery and therefore, are generally subject to certain risks of accidents. These occurrences could result in damage to, or destruction of property, personal injury or death, and consequentially, potential legal liability for us. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Any of the foregoing could adversely affect our reputation, business, financial position and results of operations.

Any failure, inadequacy and security breach in our computer systems and servers may adversely affect our business.

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices which are connected through computer systems and servers. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend, in part, on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to, and received by, our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We will continue to assess the adequacy of our computer systems and implement improvements to our platform. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate changing times.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems. Our computer systems, servers and software may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft, including tenant data, employee data and proprietary business data, for which we could potentially be liable. Any failure to effectively maintain, improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly, are disabled, or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business, which could have a material adverse effect on our business, financial condition, results of operation, performance and prospects.

We may fail to effectively manage confidential information received from tenants and capital partners, which could harm our reputation, our relationships with tenants or capital partners and our business.

In the normal course of business, we obtain confidential information from tenants in connection with the leases they enter into, and from our capital partners in connection with their investments in the funds and investment vehicles we manage. Our efforts to protect this information may be unsuccessful due to employee errors or malfeasance, technical malfunctions, the actions of third parties (such as hacking and other cyber-attacks) or other factors. Failure to protect the confidential information of our tenants or capital partners could expose us to liability, harm our reputation and deter current and potential tenants and capital partners from doing business with us, which could have a material adverse effect on our business, financial condition, results of operation, performance and prospects.

We may not be able to prevent the unauthorized use of our intellectual property and may be subject to intellectual property infringement or misappropriation claims, which could harm our business and competitive position.

We regard our trademarks, domain names and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our trademark applications will be approved, that any issued trademarks will adequately protect our intellectual property, or that such trademarks will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or retain relevant intellectually property rights from these third parties on reasonable terms, or at all.

In addition, 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 be subject to legal proceedings and claims relating to the intellectual property rights of others. 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 these claims and proceedings 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 injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

We are subject to extensive occupational health and safety regulations, which could impose significant costs or liabilities on us.

The owners of the Modern Infrastructure Assets, whether it be us with respect to our Balance Sheet Assets or the portfolio companies with respect to the Fund Assets, have obligations under the various occupational health and safety regulations. While appropriate risk management procedures, training and introduction programs (for employees and third party contractors) are in place at all of the Modern Infrastructure Assets, any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a significant health and safety incident is likely to be costly in terms of potential liabilities incurred. Such a failure could generate significant negative publicity and have a corresponding impact on our brand image and reputation, our relationships with relevant regulatory agencies or governmental authorities, and our ability to attract tenants and employees, which in turn could have a material adverse effect on our business, financial condition, results of operations, performance and prospects. Even if we are in compliance with applicable occupational health and safety regulations, any significant health and safety incident, such as bodily injury or death, may still lead to negative publicity and trigger scrutiny from regulatory agencies or authorities.

Labor shortages, labor disputes or increases in labor costs could materially and adversely affect our business and results of operations.

We are subject to risks of labor shortages, increases in labor costs, strikes or other labor problems. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption in our operations and/or higher on-going labor costs, which may have a material adverse effect on our business, financial condition and results of operations. Similarly, any labor shortages, labor disputes or increases in labor costs of our third-party contractors could cause an extension of the construction progress and an increase in our fees payable to the contractors, which could in turn materially and adversely affect our business and results of operations.

If more stringent labor laws or other industry standards become applicable to us, our business, financial condition, results of operations, performance and prospects may be adversely affected.

The PRC has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. In addition, we may be subject to certain industry standards regarding our employees. Our employees may in the future form unions. If these labor laws or industry standards become more stringent or are more strictly enforced, or if our employees unionize, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have a material adverse effect on business, financial condition, results of operations, performance and prospects. We have engaged third-party human resources agencies to make social insurance and housing provident fund contributions for some of our employees on behalf of us. We believe that the third-party human resource agencies made full social insurance and housing provident fund contributions on behalf of us for relevant employees according to the legal requirements during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we had not been subject to any administrative penalties for the aforementioned issue, nor were we aware of any material employee complaints or disputes with respect to social insurance or housing provident fund contributions. However, we cannot assure you that we will not receive any compliant or demand for social insurance and housing provident fund contributions from the relevant employees, or that relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions.

Further, the introduction of legislation imposing new restrictions on working hours or conditions of workers in general or in the modern infrastructure industry and fund management industry could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

The occurrence of a contagious disease or any other serious public health concerns around the world could affect our business, financial condition, results of operations, performance and prospects.

Some cities where we operate have previously been subject to, or may be under the threat of, COVID-19, Severe Acute Respiratory Syndrome, H5N1 avian flu, H1N1 human swine flu, Middle East respiratory syndrome coronavirus (MERS-CoV) and the Zika virus. In 2003, there was an outbreak of SARS in Hong Kong, the PRC and other Asian countries. The SARS outbreak in 2003 had a significant adverse impact on the economies of many of the affected countries. There have also been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been outbreaks among humans of the H1N1 human swine flu, also known globally as influenza A (H1N1). In recent years, the outbreaks of COVID-19 pandemic resulted in quarantines, travel restrictions, and the temporary closure of businesses and facilities in the PRC and worldwide. For risks relating to the impact of COVID-19, see "—Our business may continue to be materially and adversely affected by the effects or the after-effects of the COVID-19 pandemic."

There can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future in the markets where we operate or that may affect us. Nor can there be any assurance that any precautionary measures taken against infectious diseases will be effective. If such an outbreak were to occur, together with any resulting restrictions on travel and/or imposition of quarantines, it could have a negative impact on the economy and business activities in areas where we operate, which could in turn have a material adverse impact on our business, financial condition, results of operations, performance and prospects.

Terrorist attacks, civil unrest, hostilities, and other acts of violence or war, and adverse political developments may affect our business, financial condition, results of operations, performance and prospects.

Terrorist activities have contributed to the substantial and continuing economic volatility and social unrest globally. Any developments stemming from these events or other similar events could cause further volatility. Any significant military response by relevant governments or any further terrorist activities could also materially and adversely affect international financial markets and the economies of the countries where we operate and may adversely affect our operations, revenues and profitability. Local civil disturbances witnessed in certain countries and any future civil unrest and any other adverse social, economic or political events could have an adverse effect on our business. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

We are exposed to the potential impacts of future climate change and could be required to implement new or stricter regulations, which may result in unanticipated losses that could affect our business and financial condition.

We are also exposed to potential physical risks from possible future changes in climate. Our Modern Infrastructure Assets may be exposed to catastrophic weather events, such as severe storms, fires or floods. If the frequency of extreme weather events increases, our exposure to these events could increase. We may be adversely impacted as a provider of modern infrastructures in the future by potential impacts to the supply chain or stricter energy efficiency standards or greenhouse gas regulations for the modern infrastructure industry. We cannot give any assurance that other such conditions do not exist or may not arise in the future. The potential impacts of future climate change on our investment properties could adversely affect our ability to lease, develop or sell such properties or to borrow using such properties as collateral.

RISKS RELATING TO OUR BUSINESS IN THE PRC

We may face penalties for the non-registration of our lease agreements with tenants and the lease agreements for the properties we lease in the PRC.

Pursuant to Urban Real Estate Law, lease agreements are required to be filed for registration and record with the relevant real estate administration authorities. The registration of lease agreements generally requires cooperation of the tenants and lessors, including the provision of various original documents to the relevant local authority by the tenants and lessors. As of the Latest Practicable Date, most of our lease agreements with tenants in the PRC and the lease agreements for the properties we lease in the PRC were not registered and filed with the relevant land and real estate administration bureaus. A main reason is that our tenants or lessors have low willingness to cooperate or fail to provide necessary documents required by the relevant laws and regulations or local government authorities. Furthermore, cooperating in the lease registration process is not a contractual obligation of our tenants under their lease agreements. As advised by our PRC Legal Adviser, non-registration does not affect our rights or entitlement to lease out the facilities to tenants, or the validity or the binding effect of the lease agreements over contracting parties. However, pursuant to the provisions of the Urban Real Estate Law, the lease agreements are required to be registered and recorded with the relevant local real estate administration authorities. Pursuant to the requirements of the PRC Administrative Measures of Commodity Property Leases (商品房屋租賃管理辦法) and relevant local rules, we may be subject to requests by the local authorities to complete the registration and if we still fail to do so, we may be subject to penalties for the non-registration of property lease agreements imposed by the local authorities. As some PRC local governments have not issued or implemented specific penalty rules for the non-registration of lease agreements, our PRC Legal Adviser conducted an estimate based on the penalty rules that have been published by relevant PRC local governments and the consultation with competent local authorities and has advised us that, as of the Latest Practicable Date, we may be subject to an estimated maximum penalty of approximately RMB2.2 million in aggregate, which our Directors believe will not have any material adverse impact on our business operations or financial performance if imposed on us by the relevant authorities.

As of the Latest Practicable Date, we had neither received a request from any government authority in the PRC to complete the registration procedures nor been penalized for the non-registration of our lease agreements. There can be no assurance that we will not be subject to such penalties and/or requests for undertaking the registration procedure in the future, any of which could increase our costs.

If we were to fail to comply with the development commencement deadline as specified in our land grant contracts and our land parcels were to be deemed idle lands by the PRC government, the PRC government may require us to forfeit our land use rights or penalize us.

We may fail to comply with the terms of land grant contracts with the PRC Government due to a delay in commencing our developments or as a result of factors outside of our control. As a result of the non-compliance, if the land in question is deemed "idle" in accordance with the applicable laws, the PRC local governments may impose on us an "idle" land fee or require forfeiture of the land. See the section headed "Regulations—Regulations Relating to Development of Logistics and Warehousing Projects" in this document.

In 2021, one of our land parcels with approximately 151 thousand sq.m. of land area was inquired by the relevant PRC local authority on whether it shall be deemed as an idle land. Pursuant to the interview conducted by our PRC Legal Adviser with the relevant competent authority in March 2023, such authority confirmed that the construction on the land parcel was not commenced timely due to the delay in the construction of the city planned roads surrounding the land parcel, which shall not be attributable to our project company. As of the Latest Practicable Date, the land parcel had not been subject to any forfeiture or an "idle land" fee, and as advised by our PRC Legal Adviser, the relevant local authorities are unlikely to require us to forfeit our land use rights thereof or impose an "idle land" fee on us with respect to the aforementioned land parcel. Nevertheless, we cannot assure you that we will be able to comply with the PRC regulations and rules relating to idle land going forward. As a result, if the relevant PRC local government were to require us to forfeit the relevant land or impose an "idle land" fee or other penalties on us, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, we may lose our ability to bid for adjacent land, and the existing tenants on such properties may initiate complaints or claims on us if they have to relocate as a result of potential forfeiture of the relevant land parcels by relevant PRC local governments. Because each parcel of land is unique, we may not be able to procure similar parcels of land. Any of these results could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

If we were to fail to commence or complete construction within a certain time period or develop property projects according to the investment criteria set forth in the land grant contracts and/or investment agreements, the PRC government may hold us liable for breach of contract.

We may fail to comply with the terms of land grant contracts and/or investment agreements with the PRC government due to a delay in commencing or completing our developments or as a result of factors out of our control. As a result of such non-compliance, the PRC local governments may hold us liable for breach of contract or terminate the relevant land grant contracts and/or investment agreements where the construction did not timely commence or complete pursuant to the agreed timeline. If the relevant government authorities were to hold us liable for breach of contract or terminate the relevant land grant contracts and/or investment agreements, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, we may lose our ability to bid for adjacent land, and the existing tenants on such properties may initiate complaints or claims on us if they have to relocate as a result of potential forfeiture of the relevant land parcels by relevant government authorities. Because each parcel of land is unique, we may not be able to procure similar parcels of land. Any of these results could materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, pursuant to some of our land grant contracts and/or investment agreements with PRC local governments, we are required to develop property projects according to investment criteria set forth in the land grant contracts and/or investment agreements, including those relating to the total investment amount, the average investment amount per sq.m., the total investment amount of fixed assets and the tax payable per sq.m of the built-up areas. We cannot assure you that each of our projects under development will fulfill the investment criteria as specified in the relevant land grant contract and/or investment agreement. Pursuant to the land grant contracts and/or the investment agreements, if we fail to develop a property project according to the investment criteria set forth in the land grant contract and/or investment agreement, the relevant PRC local government authorities may seek liquidated damages from us and/or reduce the land area in the land use right granted to us proportionately.

The actual or intended usage of some land or properties held by our PRC subsidiaries or by our joint ventures may not be in full compliance with legal zoning or usage requirements.

Certain land held by our PRC subsidiaries or our joint ventures for developing Modern Infrastructure Assets are zoned for "industrial or other usage" rather than for logistics use, and certain properties owned by our PRC subsidiaries or our joint ventures are used for logistics and warehousing purposes instead of their intended use on the relevant property or land certificates. Such actual use may be found by the PRC local governments to be incompatible with zoning or other legal designations and therefore penalties may be imposed on the relevant subsidiary or joint venture, such as administrative actions taken by relevant government departments to prevent continuing non-conforming use, including issuing warnings or rectification orders, imposing fines or forfeiture of land without compensation. As of the Latest Practicable Date, the aggregate land area of the land parcels held by our PRC subsidiaries that did not comply with legal zoning or usage requirements as stipulated in relevant laws, regulations, rules, permits, approvals or consents issued by the competent authorities was approximately 385 thousand sq.m. As of the Latest Practicable Date, we had neither received any notification or investigation from the relevant PRC government authorities nor been subject to any administrative penalties due to the non-conforming use. However, we can not assure you that the relevant government authorities will not impose penalties on us or require us to suspend ongoing use of the land until further notice or forfeit the relevant land being used in the future. If the relevant government authorities were to do so, we may suffer financial loss, including our investments in the land, any land premiums paid and development costs incurred, our ability to bid for adjacent land could be lost, and the existing tenants on such properties may initiate complaints or claims against us if they have to relocate as a result of rectification orders or potential forfeiture of land parcels by the relevant government authorities. Because each parcel of land is unique, we may not be able to procure similar parcels of land. The occurrence of any of the foregoing could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

We may fail to obtain, or experience material delays in obtaining, requisite government approvals, licenses and permits for our properties under construction.

To construct a logistics facility, our relevant PRC subsidiaries and joint ventures must obtain permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of land acquisition and construction, such as land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and filing forms of completion inspection. In particular, before commencement of construction work for our logistics properties, we are required to obtain the project approval, construction works planning permit and construction works commencement permit, among other approvals, licenses and permits. Most of these licenses are subject to examination or verification by governmental authorities and are valid only for a fixed period of time, subject to renewal and accreditation. Obtaining such approvals may require substantial expense, and any non-compliance may expose us to liability. In the event of non-compliance, we may have to incur significant expense and divert substantial management time to rectify the incidents. During the Track Record Period, we have complied with all relevant PRC laws and regulations in all material respects in relation to obtaining requisite approvals, licenses and permits from the relevant regulatory authorities for our properties under construction in the PRC.

In the future, if we were to fail to obtain, or experience material delays in obtaining, the requisite governmental approvals, licenses and permits for our properties under construction, we may be subject to fines, suspension of construction work or the suspension of operations of the logistics properties that do not have all the requisite licenses and permits, which could materially and adversely affect our investment in our PRC subsidiaries and joint ventures and the schedule of development and commencement of our leasing operations could be substantially disrupted, resulting in a material adverse effect on our business, financial condition, results of operations, performance and prospects. See the section headed "Regulations" in this document for further details on the requisite approvals, licenses and permits for our projects. We may also experience adverse publicity arising from non-compliance with government regulations, which would negatively impact our reputation.

In the future, we may not be able to obtain all the land use rights certificates and building ownership certificates for our logistics properties under construction.

Our PRC subsidiaries had obtained the land use rights certificates, building ownership certificates and/or real property ownership certificates for most of our completed properties in operation, and are in the process of applying for the applicable land use rights certificates, building ownership certificates and/or real property ownership certificates for the remaining properties pursuant to relevant PRC laws and regulations. However, we cannot assure you that we will be able to obtain: (i) the land use rights certificates or real property ownership certificates (with respect to the registration of land use rights) for our properties under construction; or (ii) the building ownership certificates or real property ownership certificates (with respect to the registration of land use rights as well as building ownership) for such properties after the completion of the construction work. If we are not able to obtain land use rights certificates or real property ownership certificates (with respect to the registration of land use rights) before the commencement of construction work and/or building ownership certificates or real property ownership certificates (with respect to the registration of land use rights as well as building ownership) after the completion of construction work for the relevant properties under construction: (i) the users of the relevant properties may claim against us for losses they suffer; (ii) we may be required to vacate the relevant properties which, to the extent that any of the relevant properties are leased to our tenants, may also affect our ability to continue to perform our obligations under the lease agreements; and/or (iii) we may be prohibited from transferring the land use rights or building ownership rights of such properties or set mortgages on such properties. In addition, if the failure to obtain such certificates is due to violation of any other law or regulation, the competent PRC government authority may impose liabilities on our relevant PRC subsidiaries and joint ventures pursuant to the applicable law or regulation. Any such consequences could have an adverse effect on our business, financial condition, results of operations, performance and prospects.

Land use right in the PRC is not perpetual, and the PRC government may redesignate the usage of land that has been granted to us.

In the PRC, land use rights are granted by the government with a limited term. Under PRC laws, the maximum term of land use rights is 70 years for residential use, 50 years for industrial, warehousing or mixed use and 40 years for commercial use. A substantial portion of the land use rights for our directly held properties, including our completed properties, properties under construction and GFA on land held for future development, are for warehousing use and will expire between 2041 and 2072. It remains uncertain as to what will happen when such land use rights expire. To the extent we are required to make substantial payment to renew these land use rights, our financial condition may be materially and adversely affected. In addition, if we are unable to renew these land use rights, we may need to obtain alternative locations, which in turn may materially and adversely affect our business, financial condition, results of operations, performance and prospects.

In addition, we are subject to the Urban and Rural Planning Law of the PRC (Revised in 2019) (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of NPC on October 28, 2007 and last amended on April 23, 2019, pursuant to which relevant local governments may, from time to time, redesignate the usage of certain land for local planning and development purposes. When a government re-zones land that has been granted to us, we may be required to revise our original design and development plans that were approved before, or such parcel of land may be swapped for another parcel, thereby affecting the development timeline and costs of the entire project. There can be no assurance that relevant local governments will not change the zoning of certain land that we have already acquired, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

The establishment and operation of funds and investment vehicles in the PRC are subject to tightened legal restrictions and various regulatory approval procedures, which may adversely affect our future fund management activities in the PRC.

In the PRC, pursuant to Law of Security and Investment Fund of the PRC (中華人民共和國證券投資基金法) promulgated by the Standing Committee of the NPC on October 28, 2003 and latest updated on April 24, 2015, a manager of a private fund shall undergo registration formalities with the Asset Management Association of China (the "**AMAC**"). Such manager of fund shall be the responsible entity for the filing of fund or investment vehicle with the AMAC. However, it typically takes a long time for a manager of a private fund to complete the registration and filing with the AMAC due to the highly regulated nature of the fund management industry. The AMAC has released series of regulations on the registration of a manager of a private fund and filing of the formation of a fund. Pursuant to the Notice on Registration of Manager of Private Investment Fund (私募基金管理人登記須知) promulgated by the AMAC in December 2017 and updated in December 2018, and the Measures on the Registration and Filing-Record of Private Investment Fund (私募投資基金登記備案辦法), which will come into effect on May 1, 2023, to apply for and complete the registration with the AMAC, the manager of a private fund shall meet certain requirements, including but not limited to: (i) it being duly incorporated and validly existing; (ii) it having business scope which is in compliance with relevant requirements; (iii) its principal business being professional and clear; (iv) it having established certain requisite systems, as relevant to its actual business, including, without limitation, risk management systems, disclosure systems, internal control systems, and sound accounting systems; and (v) it having obtained a certificate of security practice of senior management of a manager of private fund. Pursuant to the Measures on Registration of Manager of Private Investment Fund and Filing of Fund (Trial Implementation) (私募投資基金管理人登記和基金備案辦法(試行)) promulgated by the AMAC on January 17, 2014: (i) with respect to the registration of a manager of fund, the manager of fund shall submit required documents online through the electronic application system of the AMAC. The AMAC will review the submitted materials and request clarification if such materials are incomplete or failing to meet requirements. The AMAC is entitled to take the following actions to review such materials: interview with the senior management of the manager of fund, on-site inspection, and consultation with the China Security Regulatory Commission and its agencies or relevant professional associations. If the materials submitted by the manager of the fund are full and complete, the AMAC will, within 20 working days after receipt of such full and complete materials, complete the registration formalities by publishing the information of the manager on its website; and (ii) with respect to the filing of a fund, within 20 working days after completion of fundraising, the manager of fund shall submit required documents online through the electronic application system of the AMAC, and the AMAC will review the materials submitted online and request clarification if such materials are incomplete or fail to meet requirements. If the materials submitted by the manager of the fund are complete and meet the requirements, the AMAC will, within 20 working days after receipt of full and complete materials, complete the filing formalities by publishing the information of the private fund on its website. In the future, if we plan to engage in such activities, we need to apply for and obtain the approvals, licenses, permits or qualifications required from relevant regulators in the PRC due to any tightened legal restrictions or various regulatory approval procedures or otherwise, our business, financial condition and results of operation may be adversely affected.

Changes in China's or global economic, political and social conditions could adversely affect our business, financial condition, results of operations, cash flows and prospects.

The majority of our businesses, assets, operations and revenues are located in or derived from our operations in the PRC and, as a result, our business, financial condition and results of operations are subject to the risks relating to the economic, political, social and regulatory environment in the PRC. The PRC government regulates the economy and industries by imposing industrial policies and regulating the PRC's macro economy through monetary policies. During the past decades, the PRC government has taken various actions to promote the market economy and the establishment of sound corporate governance in business entities. Through strategically allocating resources, controlling foreign exchange, setting monetary policy and providing governmental policy support to particular industries or companies, it also exerts significant influence over China's economic growth. Our performance has been and will continue to be affected by China's economy, which, in turn, is influenced by the global economy. The uncertainties relating to the global economy as well as the political environment in various regions of the world will continue to impact China's economic growth. While China's economy has experienced significant growth in the past few decades, there can be no assurance that such growth can be sustained or equitable across sectors. We are unable to predict all the risks and uncertainties that we may face as a result of current economic, political, social and regulatory developments, and many of these risks are beyond our control. All such factors may materially and adversely affect our business and operations as well as our financial performance.

We may fail to contribute to the registered capital of our PRC subsidiaries or experience material delays in contributing to the registered capital of our PRC subsidiaries.

Following the amendments to the Company Law of the PRC, which came into force on March 1, 2014 (and was most recently amended on October 26, 2018), FIEs are no longer subject to any major statutory restrictions in terms of capital contribution, except for companies in certain industries which are subject to special requirements in respect of paid-in capital. For FIEs established before March 1, 2014, the shareholders are entitled to amend the constitutional documents (e.g., joint venture contracts and articles of association) if such constitutional documents set forth any time schedule in connection with capital contribution. In contrast, for FIEs in specially-regulated industries, the failure to contribute capital pursuant to legal requirements may still subject us to governmental penalties.

If any of our PRC subsidiaries was established before March 1, 2014, such company may amend their joint venture contracts and/or articles of association in respect of the schedule for capital contribution if needed, and file such amendment to the competent subordinates of MOFCOM.

Pursuant to Article 199 of the Company Law of the PRC (公司法), most recently amended by the Standing Committee of the NPC and effective as of October 26, 2018, if a promoter or shareholder of a company fails to contribute money or non-monetary assets as registered capital or fails to contribute such on time, the relevant company registration authority has the power to request rectification. It is possible that new PRC laws or regulations may be promulgated in the future imposing more stringent requirements and liabilities, which could have a material adverse effect on our business, financial condition, results of operations, performance and prospects.

Inflation in the PRC could negatively affect our profitability and growth.

Economic growth in China has, in the past, been accompanied by periods of high inflation. In response, the PRC government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The PRC government may take similar measures in response to future inflationary pressures. Rampant inflation without the PRC government's mitigation policies would likely increase our costs, thereby materially reducing our profitability. There can be no assurance that we will be able to pass any additional costs to our customers. On the other hand, such control measures may also lead to slower economic activity and we may see reduced demand for our services.

***We may be classified as a "resident enterprise in mainland China" for mainland Chinese enterprise income tax purposes, which could result in unfavorable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your* [REDACTED].**

Under the EIT Law, which became effective on January 1, 2008 and was most recently amended on December 29, 2018, an enterprise established outside mainland China whose "de facto management body" is located in mainland China is considered a "resident enterprise in mainland China" and will generally be subject to the uniform 25% EIT rate, on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On April 22, 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《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》) ("**SAT Circular 82**") that sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China. Further to SAT Circular 82, on July 27, 2011, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) ("**SAT Bulletin 45**"), to provide more guidance on the implementation of SAT Circular 82; the bulletin became effective on September 1, 2011 and most recently amended on June 15, 2018. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

Under SAT Circular 82, a foreign enterprise controlled by a mainland Chinese enterprise or mainland Chinese enterprise group is considered a mainland Chinese resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within mainland China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in mainland China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within mainland China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within mainland China.

Although SAT Circular 82 and SAT Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If mainland Chinese tax authorities determine that we were treated as a resident enterprise in mainland China for mainland Chinese enterprise income tax purposes, the 25% mainland Chinese enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

We may be subject to additional regulatory requirements as new laws and regulations in connection with overseas listing are issued by PRC government authorities.

PRC laws and regulations in relation to overseas issuance and listing of shares have been evolving. As a result, we may be required to make filings with or report to CSRC or other PRC governmental authorities for our future capital raising activities. Any failure or perceived failure to make filing, report or comply with other applicable laws and regulations would have a material adverse effect on our future capital raising activities and result in negative publicity and legal proceedings or regulatory actions against us.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》) (the "**July 6 Opinion**"), which called for the enhanced administration and supervision of overseas-listed China-based companies, 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.

To echo and reflect the July 6 Opinion, on February 17, 2023, the CSRC promulgated the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市備案管理試行辦法》) (the "**Trial Measures**") and their implementation guidelines. The Trial Measures, which shall be effective on March 31, 2023, mainly provide the scope of activities subject to the filing requirement, the entities subject to filing obligations, and the filing procedures. For more details, see "Regulations—Regulations on M&A Rules and Overseas Listing." We are required to file with the CSRC in accordance with the Trial Measures after our application for the **[REDACTED]** is submitted, and there is uncertainty as to whether we will be able to complete the filing procedures or obtain approval for this **[REDACTED]** in a timely manner or at all.

In addition, according to the Trial Measures, any future issuance or listing after the **[REDACTED]** will also be subject to filing procedure of CSRC and we are also required to report certain material matters to CSRC after the **[REDACTED]**. Any failure to complete such filing or reporting procedure would subject us to administrative penalties by CSRC which could harm our reputation and may adversely affect our results of financial condition.

Furthermore, on February 24, 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Confidentiality Provisions**"), which will come into effect on March 31, 2023. Pursuant to the Confidentiality Provisions, any future inspection or investigation conducted by overseas securities regulator or the relevant competent authorities on our PRC domestic companies with respect to our overseas issuance and listing shall be carried out in the manner in compliance with PRC laws and regulations.

China's M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM and other government authorities jointly issued the Rules on Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was effective as of September 8, 2006, and amended on June 22, 2009 (the "**M&A Rules**"). The M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if any important industry is concerned, such transaction involves factors that impact or may impact national economic security, or such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. Moreover, the Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) (the "**Anti-monopoly Law**") promulgated by the SCNPC effective in August 2008 and amended in 2022 and the Provisions of the State Council on the Thresholds for Declaring Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》), which was effective on August 3, 2008, and amended on September 18, 2018, require that transactions which are deemed concentrations and involve parties with specified turnover thresholds (meaning during the previous fiscal year, (a) the total global turnover of all operators participating in the transaction exceeds RMB10 billion and at least two of these operators each had a turnover of more than RMB400 million within China, or (b) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion, and at least two of these operators each had a turnover of more than RMB400 million within China) must be cleared by anti-monopoly enforcement authority before they can be completed.

In addition, in 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), also known as Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) ("**Security Review Rules**"), effective in September 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and MOFCOM under the leadership of the State Council, to carry out security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements, offshore transactions, etc.

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the "**Office of the Working Mechanism**") was established under NDRC, and leads the task together with MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to the investments in fields related to national defense and security, such as military industry and military industrial facilities, and the investments in military facilities and areas surrounding military facilities, and important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. See the section headed "Regulations—Regulations relating to Overseas Listing and M&A" in this document.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises national defense and security or national security concerns.

We may in the future develop certain business that may be subject to certain foreign investment restrictions, and hence may enter into contractual arrangements and conduct such restricted business through variable interest entities. However, we cannot assure you that the structure of variable interest entities will be deemed compliant with applicable regulatory requirements. If the PRC government determines that such structure is in violation of any existing or future PRC laws or regulations, the potential adoption of the structure of variable interest entities by us may be prohibited, which may negatively impact our business, financial condition and results of operations.

The heightened scrutiny over acquisition transactions by tax authorities in mainland China may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your* [REDACTED] *in us.

Pursuant to the Notice of State Administration for Taxation on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("**SAT Circular 698**") issued by the SAT in December 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a mainland Chinese resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate of less than 12.5%; or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the mainland Chinese resident enterprise this Indirect Transfer. Using a "substance over form" principle, the mainland Chinese tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring mainland Chinese tax.

On March 28, 2011, the SAT released the SAT Public Notice on Certain Issues of Administration of Enterprise Income Tax of Non-Resident Enterprises (2011) No. 24 (《國家稅務總局

關於非居民企業所得稅管理若干問題的公告》) ("**SAT Public Notice 24**"), which became effective on April 1, 2011, to clarify several issues related to SAT Circular 698. According to SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

On February 3, 2015, the SAT issued the Announcement of the SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("**SAT Circular 7**"), which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the mainland Chinese tax authorities' scrutiny over, Indirect Transfers by a non-resident enterprise of mainland Chinese taxable assets. Under SAT Circular 7, the tax authorities in mainland China are entitled to reclassify the nature of an Indirect Transfer of mainland Chinese taxable assets, when a non-resident enterprise transfers mainland Chinese taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such mainland Chinese taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of mainland Chinese enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including: (i) where a non-resident enterprise derives income from the Indirect Transfer of mainland Chinese taxable assets by acquiring and selling shares of an overseas listed company which holds such mainland Chinese taxable assets on a public market; and (ii) where there is an Indirect Transfer of mainland Chinese taxable assets, but if the non-resident enterprise had directly held and disposed of such mainland Chinese taxable assets, the income from the transfer would have been exempted from enterprise income tax in mainland China under an applicable tax treaty or arrangement.

On October 17, 2017, the SAT issued the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) ("**SAT Circular 37**"), which became effective on December 1, 2017 and abolished SAT Circular 698 as well as certain provisions in SAT Circular 7. Pursuant to SAT Circular 37, where the party responsible to deduct such income tax did not or was unable to make such deduction, the non-resident enterprise receiving such income should declare and pay the taxes that should have been deducted to the relevant tax authority. The taxable gain is calculated as the income from such transfer net of the net book value of equity interest.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the mainland Chinese tax authorities will not, at their discretion, adjust any capital gains or impose tax return filing obligations on us or require us to provide assistance for the investigation of mainland Chinese tax authorities with respect thereto. Any mainland Chinese tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your **[REDACTED]** in us.

We may be subject to LAT in connection with an equity transaction which in substance may be treated as an asset transaction.

In the PRC, we acquire land-use rights directly from the local governments. Our property transfer activities are subject to land appreciation tax ("**LAT**") with respect to the appreciated value of the land. LAT applies to both domestic and foreign investors in the sale of properties on which developments are completed in the PRC, and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value after deducting allowed costs and expenses. In addition, our subsidiaries may be subject to LAT when selling properties that are still under construction and the rate of LAT so levied is calculated based on rates and formula local tax authorities implement. As a result, our results are susceptible to any significant increase in LAT expenses, which depends on the level of appreciation in land value as well as the amount of deductible costs and expenses, such as land premium and applicable property development costs. Furthermore, if we sell properties by way of equity transfer, the applicable tax authority may deem such equity transfer subject to LAT as the underlying assets of such equity are land use rights and property thereon. During the Track Record Period, we have not been required to make any payments for LAT. However, we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us, especially with regard to any equity transfer which involves land as the underlying asset and which in substance may be treated as an asset transaction. Our financial condition and results of operations may be materially adversely affected if our LAT as calculated by the relevant tax authorities are substantially higher than our provisions.

We may be subject to penalties if our resident shareholders or beneficial owners in mainland China fail to comply with relevant mainland Chinese foreign exchange regulations.

The SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**Circular 37**"), effective on July 4, 2014, which replaced the previous Notice on Relevant Issues Concerning Foreign Exchange Administration for the People's Republic of China Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles (《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》) ("**Circular 75**"). Circular 37 requires mainland Chinese residents, including mainland Chinese individuals and institutions, to register with the SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such mainland Chinese residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such residents in mainland China must update their foreign exchange registrations with the SAFE or its local branches when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such mainland Chinese individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a mainland Chinese resident as determined by Circular 37, fails to make the required foreign exchange registration with a local SAFE branch, the mainland Chinese subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its mainland Chinese subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under mainland Chinese laws for evasion of applicable foreign exchange restrictions.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are mainland Chinese residents, and therefore, we may not be able to identify all our shareholders or beneficial owners who are mainland Chinese residents in order to ensure their compliance with Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are residents in mainland China will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are residents in mainland China comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our shareholders who are residents in mainland China as determined by Circular 37 fail to make the required foreign exchange registration with local SAFE branches, our mainland Chinese subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our subsidiaries in mainland China, which may adversely affect our business.

Governmental regulation of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your **[REDACTED].**

The PRC government imposes regulations on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. We generate a considerable portion of our revenue in Renminbi, and may need to convert a portion of our cash and cash equivalents from Renminbi into other currencies in the future to meet our foreign currency obligations, such as payments of dividends declared in respect of our Shares. Shortages in the availability of foreign currency may restrict the ability of our subsidiaries incorporated in the PRC to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. Additional restrictions on the convertibility of the RMB into foreign currencies may be imposed in the future. If the foreign exchange control system in the PRC prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

RISKS RELATING TO THE [REDACTED]

There has been no public market for our Shares prior to the **[REDACTED]*****, and you may not be able to resell our Shares at or above the*** **[REDACTED]** ***you pay, or at all.***

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

The* [REDACTED] *of the Shares may be volatile which could result in substantial losses to you.

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

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our directors, executive officers and substantial shareholders, could adversely affect the* [REDACTED] *of our Shares.

Future sales of a substantial number of our Shares, especially by our directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the **[REDACTED]** of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our controlling shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. [In addition, certain existing shareholders of our Shares are not subject to lock-up agreements]. Market sale of Shares by such shareholders and the availability of these Shares for future sale may have negative impact on the **[REDACTED]** of our Shares. See the section headed "**[REDACTED]**" for more details of the existing shareholders not subject to lock-up agreements.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the **[REDACTED]** of Shares is higher than the net tangible book value **[REDACTED]** of our Shares immediately prior to the **[REDACTED]**, **[REDACTED]** of our Shares in the **[REDACTED]** will experience an immediate dilution. If we **[REDACTED]** additional Shares in the future, **[REDACTED]** of our Shares in the **[REDACTED]** may experience further dilution in their **[REDACTED]** percentage.

You may be subject to mainland Chinese income tax on dividends from us or on any gain realized on the transfer of our Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between mainland China and your jurisdiction of residence that provides for a different income tax arrangement, mainland Chinese withholding tax at the rate of 10% is normally applicable to dividends from mainland Chinese sources payable to investors that are resident enterprises outside of mainland Chinese, which do not have an establishment or place of business in mainland China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) mainland Chinese income tax if such gain is regarded as income derived from sources within mainland China unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within mainland China paid to foreign individual investors who are not residents in mainland China are generally subject to a mainland Chinese withholding tax at a rate of 20% and gains from mainland Chinese sources realized by such investors on the transfer of shares are generally subject to 20% mainland Chinese income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and mainland Chinese laws.

Although a significant amount of our business operations are in mainland China, it is unclear whether dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, would be treated as income derived from sources within mainland China and as a result be subject to mainland Chinese income tax if we are considered a mainland Chinese resident enterprise. If mainland Chinese income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident **[REDACTED]**, the value of your **[REDACTED]** in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with mainland China may not qualify for benefits under such tax treaties or arrangements.

We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your **[REDACTED].**

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. Therefore, you should not rely on an **[REDACTED]** in our Shares as a source for any future dividend income.

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our **[REDACTED]**, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

Accordingly, the return on your **[REDACTED]** in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your **[REDACTED]** in our Shares and you may even lose your entire **[REDACTED]** in our Shares.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Immediately following the completion of the **[REDACTED]**, our Controlling Shareholders will collectively beneficially own approximately **[REDACTED]**% of the voting power of our outstanding share capital, assuming that the **[REDACTED]** is not exercised and excluding shares to be issued under the Share Incentive Plans. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

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 a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Act and other laws of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be different from those they would have under the laws of Hong Kong or other jurisdictions. See "Summary of Cayman Islands Company Law and Taxation" in Appendix V for further details.

We are incorporated under the laws of the Cayman Islands. As a result, a shareholder may not be able to enforce a judgment against us or some or all of the Directors and executive officers outside the Cayman Islands. It may not be possible for a shareholder to effect service of process upon the Directors and executive officers within the shareholder's country of residence or to enforce against the Directors' and executive officers' judgments of courts of the shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a shareholder will be able to enforce any judgments in civil and commercial matters against the Directors or executive officers who are residents of countries other than those in which judgment is made.

All of our executive Directors and executive officers reside within mainland China, and substantially all of the assets of those persons and a substantial majority of our Balance Sheet Assets in terms of GFA are located within mainland China. Therefore, it may be difficult for **[REDACTED]** to effect service of process upon us or those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

There will be a time gap of several business days between pricing and trading of our Shares offered in the* [REDACTED]. *Holders of our Shares are subject to the risk that trading* [REDACTED] *of our Shares could fall during the period before trading of our Shares begins.

The **[REDACTED]** of our Shares is expected to be determined on the **[REDACTED]**. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the **[REDACTED]**. As a result, **[REDACTED]** 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 **[REDACTED]** of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various public sources, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the modern infrastructure market. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the **[REDACTED]**, the **[REDACTED]**, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

***You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the* [REDACTED].**

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the **[REDACTED]**. Prior to the publication of this document, there has been press and media coverage regarding us and 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.