You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. These risks could materially and adversely affect our business, financial condition and results of operations. The trading price of our Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations. You should seek professional advice from relevant advisors regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The cyclical nature of the cross-border logistics service industry could have a material and adverse effect on our business and results of operations.

The cross-border logistics service industry can be highly volatile and cyclical. According to Frost & Sullivan, factors that affect the cross-border logistics service industry may include (i) changes in demand for products transported globally; (ii) global and regional economic and political conditions; (iii) developments in global and regional trade; (iv) trade restrictions, sanctions, boycotts and trade and labor disputes; (v) changes in seaborne and other transportation patterns; (vi) currency exchange rates; and (vii) extreme weather conditions.

Furthermore, the cross-border logistics service industry is cyclical as the balance between demand and supply fluctuates. It takes time for logistics service providers to respond to demand changes, as lead time between placing orders for acquiring container ships, trains or planes and the delivery of such assets typically takes years.

The abovementioned factors that affect the cross-border logistics service industry are beyond our control. The nature, timing and degree of changes in industry conditions are unpredictable. Any changes in these factors could lead to significantly lower freight rates, which in turn could materially decrease our revenue and reduce our profitability.

A slowdown or adverse development in regional or global economy may adversely affect the demand for our services and our business in general.

We mainly operate cross-border logistics services between China and countries across the globe. The COVID-19 pandemic has had a severe and negative impact on the regional and global economy. The growth of the regional and global economy has slowed in recent years. It is uncertain that whether the COVID-19 pandemic would lead to a prolonged downturn in the economy. Even before the COVID-19 pandemic, the global macroeconomic environment was facing various challenges, such as the economic slowdown in the Europe since 2014, uncertainties over the impact of Brexit and the ongoing global trade disputes and tariff disputes.

Moreover, there are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China, which may cause the downward trend of regional and global economy to continue. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. As a result, our business operations and financial performance may be adversely affected.

We may not sustain our historical growth.

Our revenue was RMB781.5 million, RMB4,195.4 million and RMB4,607.9 million for 2020, 2021 and 2022, respectively. Furthermore, our gross profit margin was 8.2%, 10.9% and 11.8% for 2020, 2021 and 2022, respectively. Such growths in our revenue and gross profit margin only reflect our past performance under particular conditions. They do not necessarily reflect our financial performance in the future, which will largely depend on our capability to (i) secure new orders, (ii) control our costs and expenditures, and (iii) cope with the changing demand and requirements from customers, intense market competition, and the impact of COVID-19 on the regional and global economy, and our industry, the fuel prices and other direct or indirect costs.

We require a substantial amount of working capital to sustain our business.

We require a substantial amount of working capital to cover, among other things, freight fees paid to third parties, vessel chartering costs for our self-operated cross-border seaborne transportation service, port charges, container costs and bunker costs. As of December 31, 2020, 2021 and 2022, we recorded cash and cash equivalents of RMB50.7 million, RMB190.0 million and RMB340.0 million, respectively. In addition, we purchased four second-hand container vessels with a total capacity of 4,109 TEUs for consideration of approximately RMB95.8 million and entered into an agreement to order two first-hand ultra large container vessels, each with a capacity of 14,700 TEUs, for a total consideration of US$281.0 million. If we fail to maintain a sufficient level of working capital to sustain our business operations, our financial condition and results of operations could be adversely affected.

Our prospects may be adversely affected by COVID-19 or other adverse public health developments.

Since early 2020, a growing number of countries and regions around the world have encountered an outbreak of COVID-19, a highly contagious disease known to cause respiratory illness. In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic. In order to contain COVID-19, the governments in many countries had introduced a series of precautionary measures, primarily including work resumption restrictions on enterprises, traffic control, travel bans, management and control over commencement schedules of construction in new and existing property development sites and quarantining affected areas. As a result, there had been lockdowns at workplaces and places of commerce in major ports around the world. In addition, the COVID-19 related travel and border restrictions, and the widespread suspension of international flights, have significantly impacted the ability of ship operators to conduct crew changes. Seafarers may not be able to embark on vessels or disembark when their crew member contracts expire because of restrictive quarantine rules worldwide. The restrictive measures may severely affect and restrict the level of economic activities, which, along with the disruption of business in major industries, may adversely and materially affect the overall business sentiment and environment, which in turn may lead to slower overall economic growth in the countries where we have business operations.

In respect of our cross-border logistics services, we have undergone impacts caused by the COVID-19 pandemic such as shortage of shipping materials, lowered factory production of consumption goods to be shipped overseas and lack of operation personnel in various aspects of our business.

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

The cross-border logistics service industry is highly competitive. Our cross-border logistics services encompass a wide range of services. As a result, we may compete with a broad range of service providers in our industry. Specifically, there are multiple existing market players that offer cross-border logistics services. There may also be new entrants emerging in each of the jurisdictions that we operate in. These market players compete to attract, engage and retain consumers and merchants. These market players may have greater financial, technological, research and development, marketing, distribution, and other resources than we do. They may also have longer operating histories, larger customer bases or broader and deeper market coverage. As a result, our competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than we do and may have the ability to initiate or withstand significant regulatory changes and industry evolvement. Furthermore, when we expand into other geographic markets, we will face competition from new competitors, domestic or foreign, who may also enter geographic markets where we currently operate or will operate.

Any significant increase in competition may have a material adverse effect on our revenue and profitability as well as on our business and prospects. We cannot assure you that we will be able to continuously distinguish our services from those of our competitors, preserve and improve our relationships with various participants in the cross-border logistics service industry, or increase or even maintain our existing market share. We may lose market share, and our financial condition and results of operations may deteriorate if we fail to compete effectively.

In addition, many service providers in the cross-border logistics service industry have consolidated in recent years to create larger enterprises with greater bargaining power, which has resulted in greater competitive pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further competitive pressures. New partnerships and strategic alliances in the cross-border logistics service industry also can alter market dynamics and adversely impact our businesses and competitive positioning. If we cannot equip ourselves with necessary resources and skills, we may lose market share as competition increases.

The success of our business depends on our customers' business performance and their continuing demand for our services.

Our customers' demand for cross-border logistics services largely depends on their business performance. Adverse developments in or influence over our customers' industry, business performance or strategies could therefore materially and adversely affect our business operations and financial condition. In addition, the successful implementation of our supply chain solutions and our related financial performance is dependent on the performance of our clients. Should our clients default in payment after we purchased goods on its behalf, we may experience losses arising from failure to collect payment for goods and decrease in market price of goods. Should there be any adverse development related to our customers' business operations or any other reasons resulting in reduction in demand for our services, our business, financial condition and results of operations would be adversely affected.

Our business is subject to complex treaties, local laws and regulations.

The cross-border logistics service industry is highly regulated. Our operations are subject to certain international conventions, treaties and national and local laws and regulations in force in the jurisdictions in which our logistics assets are operated, as well as in the jurisdictions in which our logistics assets are registered. These conventions, treaties, laws and regulations govern areas such as maritime operations, environmental protection, the release and management of hazardous materials, and human health and safety. For example, international and domestic transportation of goods are subject to a number of regulations, including licensing and financial security requirements, import and export regulations, security requirements, packaging regulations and notification requirements. In addition, if a vessel is unfit to proceed to sea or the deficiencies pose an unreasonable risk to the ship, its crew or the environment, the vessel may be detained by port state control officers. These regulations and requirements are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the cross-border logistics service industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, cross-border logistics services.

With relevant treaties and regulations continuously changing, more expenditures may be required to ensure our business to be in compliance with pertinent treaties and regulations. Moreover, the activities of our customers are beyond our control, which may result in the violation of certain laws and regulations in relation to logistics activities. Should such violations occur, we may be involved in the litigation or other legal proceedings, incurring fees and expenses, and having our business, reputation, result of operations and financial condition materially and adversely affected.

If there is a decrease in the demand of cross-border logistics in the markets where we operate, our business, results of operations and prospects may be materially and adversely affected.

We cannot assure you that our service volume in the future will not decrease or fail to increase as rapidly as we expect due to factors such as economic downturns, changes in political conditions, deterioration of economic relationships, or other factors that may not be within our control. Adverse changes in the economic, financial and political conditions of any country where we provide significant cross-border logistics services would have an adverse effect on our business. In particular, we are a China-based company. Our business is closely related to PRC-originated export and import activities. As a result, an economic slowdown in the PRC, to the extent such a slowdown affects its trade with other countries, may materially and adversely affect our business, results of operations and future prospects. In addition, any trade restrictions, sanctions, boycotts and trade disputes including those involving the PRC or our counterparties could also materially and adversely affect our results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any sanctions. See "—Risks Relating to Conducting Business in China" on risks associated with doing business in the PRC.

Moreover, we have increasingly focused on providing services to e-commerce merchants. Nevertheless, the future results of operations of these e-commerce merchants will depend on numerous factors affecting the development of the e-commerce industry in China, which may be beyond our control, such as (i) the trust and confidence level of e-commerce consumers in countries where the e-commerce merchants do business, as well as changes in customer demographics and consumer tastes and preferences; (ii) the selection, price and popularity of products as well as promotions that the e-commerce merchants offer; (iii) whether alternative retail channels or business models better address the needs of consumers; and (iv) the development of fulfillment, payment and other ancillary services associated with online purchases. Any decline in the popularity of e-commerce may adversely affect the business prospects of e-commerce merchants, which may in turn adversely affect the business of our customers, and thus ultimately our revenue and business prospects may be adversely affected.

If we are unable to manage the capacity and/or terms of our chartered-in or chartered-out vessels effectively, our financial performance and results of operations may be adversely affected.

The performance of our business depends on our effective management of the capacity and terms of our chartered-in or chartered-out vessels. We acquire capacity, which is crucial for us to carry out our business, either through chartered-in vessels or self-owned vessels. The management of capacity requires cost consideration and complex planning based on, among other things, assumptions and expectations on market trends, which may turn out to be different from time to time. Should we fail to accurately predict market trends, we may suffer mismatch of capacity as the market fluctuates. Moreover, the terms of our chartered-in or chartered-out vessels also require cost consideration and complex planning. Certain circumstances, such as a late redelivery of vessels by the previous charterers, failure to deliver vessels to us timely by the shipowners or force majeure events, may lead to a mismatch between the term of a charter period and the term needed to complete a voyage. In the event that such circumstances occur and we fail to effectively manage our capacities and/or terms of our chartered-in or chartered-out vessels, our operating results and financial performance may be adversely affected.

We may be unable to obtain adequate cargo space to meet our customers' needs.

We typically obtained cargo space from carriers through a series of arrangements. Pursuant to the relevant agreements, we may procure cargo space on specified routes for an agreed freight carriage capacity during the term of the agreements. If we wish to obtain more cargo space than the capacity obtained under the agreements, such additional cargo space will be procured according to the latest market price, and there is no guarantee that we will be able to obtain such additional cargo space. Further, other than the cargo space previously agreed, cargo space offered by our suppliers is on a first-come-first-served basis with no guaranteed supply of cargo space. There is no assurance that we will be able to source cargo space within our customers' expected timeframe cost-effectively. We encountered shortage of cargo space during the Track Record Period when shipping capacity was tight. Such shortage of cargo space did not result in any compensation to our customers as we had negotiated with our customers to solve the shortage issue. We cannot guarantee that this will not happen again in the future. If we cannot obtain sufficient cargo space from our suppliers to meet our customers' demand, in particular during peak seasons, our reputation within the industry could be damaged.

The political relationships between China and other countries or regions, especially the ongoing tension between China and the United States, may affect our business operations.

Our business is affected by the global political and economic environment. Any downturn or change in such environment may affect our business and increase our operating costs and lower our profit margin, leading to material adverse effects to our business, results of operations and profitability. In particular, the U.S. government has been implementing import tariffs and/or restrictions on goods from the PRC since July 2018, and the PRC has also been implementing similar measures against goods from the U.S. in response. Any uncertainty surrounding any existing or new tariffs and/or trade restrictions and the continuous impact on the global economy brought by the Sino-U.S. tension may affect the demand for cross-border logistics services in the long-term. If the Sino-U.S. tension continues to escalate, it could cause a detrimental effect to our business and results of operation.

If we are unable to manage our expansion effectively, our business prospects and results of operations may be materially and adversely affected.

The successful implementation of our expansion plan may be affected by a number of factors including the availability of sufficient funds, government policies relevant to our industry, economic conditions, entrant barriers of the new market, our ability to maintain our existing competitive advantages, our relationships with our customers and the threat of substitutes and new market entrants. There is no assurance that the expansion plan can be implemented in a timely and successful manner. Should there be any material adverse change in our operating environment, or if we are not able to foresee any adverse condition or barrier in the new market, which results in our failure to implement any part of our expansion plan, the growth in our service capacity will be negatively impacted, resulting in future capacity constraints for us. Consequently, our ability to capture future service orders will be curtailed, resulting in an adverse impact on our prospects. Any material adverse change in our operating environment resulting in our failure to fully implement our expansion plan may also adversely affect our financial condition and prospects.

In addition, the successful implementation of our business strategies and future plans as described in "Business—Our strategies" and "Future Plans and [**REDACTED**] in this document is (i) based on circumstances currently prevailing and bases and assumptions that certain circumstances will or will not occur; and (ii) dependent on a number of factors including the availability of funds, increasing demand for our services, our ability to expand our business and to retain and recruit competent management and employees. Some of the factors are beyond our control and are subject to uncertainty by nature, such as the general market conditions in China, the United States and other parts of the world, and the changes in government policy or regulatory regime of the cross-border logistics service industry. There is no assurance that our business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies and plans may have a material adverse effect on our profitability and prospects.

We face risks associated with our global expansion.

We are continuing to expand our operations into additional international markets. However, offering our services in a new geographic area may involve numerous risks and challenges. There can be no assurance that we will succeed or achieve any return on these expansion efforts.

Continued expansion around the world exposes us to risks such as:

- difficulties in achieving market acceptance of our services in different geographic markets with different business dealing history;
- difficulties in achieving rapid marketing growth in certain other countries where we commit fewer sales and marketing resources;

- difficulties in managing operations due to language barriers, distance, staffing, user behavior and spending capability, cultural differences, business infrastructure constraints, and laws regulating corporations that operate globally;
- application of laws and regulations of other jurisdictions;
- potential adverse tax consequences associated with foreign operations and revenues;
- complex foreign exchange fluctuation and associated issues;
- credit risk and higher levels of payment fraud;
- political and economic instability in some countries;
- restrictions on monetary flows; and
- reduced or ineffective protection of our intellectual property rights in some countries.

As a result of these obstacles, we may find it impossible or too expensive to enter additional geographic markets, or our entry into additional geographic markets could be delayed, which could hinder our ability to grow our business.

If we fail to adopt new technologies to cater to changing customer requirements or emerging industry standards, our business may be materially and adversely affected.

In order to keep up with the latest developments and trends in the cross-border logistics service industry and respond to the evolving needs and preferences of our customers, we are required to upgrade our existing technologies, invest in new technologies and introduce new services from time to time, which could incur significant expenditures and may be subject to licensing or other regulatory requirements.

If we cannot anticipate or adapt to the latest technological developments or market trends in the cross-border logistics service industry, we may not be able to meet our customers' expectations and evolving needs, and the demand for our services may decline. Furthermore, if our competitors are more sensitive to changes in customer preferences or more responsive to emerging technology in the industry, our cross-border logistics services may become less competitive. In addition, there is no assurance that we will be able to recover the expenditures associated with the upgrade of existing technologies and the purchase of new technologies. Moreover, rapid technological improvements could, at times, lead to earlier-than-planned obsolescence or redundancy of equipment and result in impairment charges. Any of these circumstances may adversely affect our results of operations, financial condition and growth prospects.

Failure in our internet service system could adversely affect our operations.

Our internet service system is a one-stop system on which our customers can order our cross-border logistics services and manage their orders. Our internet service system allows various traditionally offline procedures, including checking the shipping prices, booking vessel slots, tracking the status of the orders, managing bills of lading and invoices and account reconciliation, to be handled by our customers autonomously online. Our services are highly dependent on our ability to communicate with our customers and manage information and instructions such that we can perform our work effectively and within the time required by our customers. For the year ended December 31, 2022, more than 85.0% of our transactions in terms of order volume were completed or served by our internet service system. See "Business—Our Internet Service System." If we fail to maintain, protect, and enhance our internet service system, we may be at a competitive disadvantage and lose customers.

In addition, the continued automation of existing processes and usage of third-party technology and cloud network capacity will require adaptation and adjustments that may increase our exposure to cybersecurity risks. Any failure in the IT systems due to faulty interaction with the systems of our customers or other cross-border logistics service industry players, viruses, unauthorized access, wear and tear, failures on the part of internet service providers or other unforeseeable factors could have adverse impact on our operational performance. As such, loss for which we are not adequately insured could also materially affect our financial results. Although it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, a significant impact on the performance, reliability, security, and availability of our operating systems and technical infrastructure to the satisfaction of our customers may harm our reputation, impair our ability to retain existing customers or attract new customers, and expose us to legal claims and government action. Such harm could have a material adverse impact on our financial condition, results of operations, and growth prospects.

Our internet service system may not grow as planned.

As part of our strategy, we intend to allocate significant resources to the upgrade and growth of our internet service system to meet the anticipated increase in service volume and increase the competitiveness of our services. In particular, we plan to (i) upgrade and promote our existing websites; (ii) upgrade and maintain our existing technology systems; (iii) invest in automation technologies; (iv) invest in big data analysis; (v) establish an intelligent customer service system; (vi) establish an intelligent workflow system; and (vii) upgrade our intelligent risk control platform. See "Future Plans and [**REDACTED**]" However, we cannot assure you that our internet service system will be developed successfully to meet our customers' expectations. In the event that our internet service system fails to meet our need or grow as planned, our business, results of operations, financial condition and growth prospects may be adversely affected.

Any shortage of capable personnel in cross-border logistics service industry may lead to port congestions.

Labor disputes or strikes in the cross-border logistics service industry could cause shortage of capable personnel, which could disrupt or hinder our business operations. Like other operators in the cross-border logistics service industry, we rely upon third-party employees, such as stevedores at ports, as part of our day-to-day operations. Industrial action or other labor unrest with respect to such external labor could prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to decreases in our revenue. These actions are impossible for us to predict or control. For instance, the port congestions in the ports of Long Beach and Los Angeles in 2020 were caused by labor strikes. Such port congestions resulted in unusual waiting-for-berth periods. For example, according to Frost & Sullivan, the average delay for the China-Americas route were longer than five days from January 2021 until mid 2022. We cannot assure you that such strikes would not occur in the future.

Changing fuel costs and interruptions of fuel supplies may reduce our profitability.

Fluctuating fuel prices and interruptions of fuel supplies may reduce our profitability. Fuel represents a sizable cost to the cross-border logistics service industry. Hence, an increase in fuel prices may increase our costs. In the event that we fail to transfer such costs to our customers, our profitability may be adversely affected. The cost of fuel can fluctuate significantly and is subject to many economic and political factors that are beyond our control, primarily including the political instability in oil-producing regions and geopolitical landscape.

Newbuilding projects are subject to risks that could cause delays, cost overruns or cancelation of our newbuilding contracts and could incur significant indebtedness and outflow of cash.

The cross-border logistics service industry is competitive. We have entered newbuilding contracts for new vessels during the Track Record Period and may continue to do so in the future to supplement our existing vessel fleet to satisfy our customers' needs and maintain our market position. In June 2022, we entered into an agreement to order two first-hand ultra large container vessels, each with a capacity of 14,700 TEUs. These vessels are expected to be delivered around 2025. There may be delay in delivery of these new vessels resulting from numerous factors, including (i) shortages of equipment, materials or skilled labor, (ii) unscheduled delays in the delivery of ordered materials and equipment or shipyard construction, (iii) failure of equipment to meet quality and/or performance standards, (iv) financial or operating difficulties experienced by equipment vendors or the shipyard, (v) unanticipated actual or purported change of orders, (vi) inability to obtain required permits or approvals, (vii) unanticipated cost increases between order and delivery, (viii) design or engineering changes, (ix) work stoppages or other labor disputes and (x) adverse weather conditions or any other events of force majeure. Significant cost overruns or delays could have a material adverse effect on our business, financial condition, cash flows and results of operations. Additionally, failure to complete a project on time may result in the delay of revenue from that vessel, which in turn, could have an adverse effect on our profitability and financial condition.

Moreover, our investment in vessels could incur significant indebtedness and outflow of cash. To maintain our competitive position, we will need to continue to invest significant financial resources in maintaining and purchasing vessels, which may lead to material indebtedness and outflow of cash of our Group. If our investment in vessels turns out to be unsuccessful or below our expectation, our business, results of operations, financial condition and growth prospects may be adversely affected due to subsequent indebtedness and outflow of cash.

We face risks associated with purchasing second-hand vessels and chartering in vessels from third parties.

We purchased second-hand vessels to expand our vessel fleet during the Track Record Period. Second-hand vessels may have latent defects of which we are not aware at the time of purchase. These defects may subsequently result in significant repair expenses or disruption of voyages. Furthermore, a second-hand vessel may not have all features we would be able to have from chartering in a new vessel. If the second-hand vessels which we purchased are defective and/or performing at a level below our expectations, we may require a substantial period of time as well as spend significant resources to replace or upgrade such vessels. Upon the occurrence of any of these events, our service volume, results of operations and financial condition may be materially and adversely affected.

We also chartered in three vessels as part of our vessel fleet as of December 31, 2022. Should there be any increases of expenses in the vessel charter market, we may incur higher costs more immediately compared to our competitors with more self-owned vessels or those enter into charters with longer terms, when we extend these existing charters or replace them with new charter parties. This may have an adverse effect on the competitiveness of our business operations and overall financial results.

When our own vessels age, our operating costs may increase in the future, which could adversely affect our profitability.

In general, the cost of maintaining a vessel in a good operating condition increases with the age of the vessel. As our own vessels age, we will incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of vessels may also require expenditures for alterations or the addition of new equipment to our vessels. Such regulations and standards may also restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives.

Our insurance may be insufficient to cover all losses associated with our business operations.

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks and liabilities. We maintain various insurance policies at both global and local operational levels to provide insurance coverage relating to third-party liability, losses from fire, transportation risks, property loss and damage and workers' compensation for injury and death, which are commonly insured. For more details, please refer to "Business—Insurance". During the Track Record Period and up to the Latest Practicable Date, we purchased kidnap and ransom insurance and loss of hire insurance when vessels planned to travel through high-risk regions. In addition, it is common for our suppliers to maintain various insurance policies which cover the goods and containers being transported. However, there can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to attract new customers efficiently, or to maintain relationships with existing customers, our business and results of operations could be adversely affected.

Our continued success requires us to maintain our existing customers and develop new relationships. We cannot guarantee that our customers will continue to use our services in the future or at the current level. We may be unable to maintain or expand our relationships with existing customers or to obtain new customers on a profitable basis. Upon the expiration of our existing contracts, we cannot assure you that our customers will be able to renew the contracts on favorable terms, or if at all, or that we will be able to attract new customers. Any adverse effect would be exacerbated if we lose one or more of our significant customers.

During the Track Record Period, sales to our five largest customers in each year represented approximately 19.0%, 9.6% and 10.3% of our total revenue for the respective years, and sales to our largest customer in each year represented approximately 5.9%, 2.1%, and 2.3% of our total revenue for the respective periods. There is no assurance that we may not become dependent upon a few key customers in the future such that we would generate a significant portion of our revenue from a relatively small number of customers. Any inability to retain or replace our major customers may have a material adverse effect on our business, financial condition and results of operations.

Difficulty in forecasting demand of our customers could adversely impact our margins and operating results.

Customer satisfaction of our business depends upon our ability to meet the unpredictable customer demand and requirements. A significant portion of our revenue is derived from customers in industries whose shipping patterns are dependent upon just-in-time production schedules. Therefore, the timing of our revenues is, to a large degree, impacted by factors beyond our control, such as a sudden change in consumer demand for retail goods, changes in trade tariffs, product launches and/or manufacturing production delays.

Volatile market conditions can create situations where we are given little or no prior notice when carriers and other service providers increase their prices. We often cannot pass these price increases on to our customers in the same fiscal year, if at all. As a result, our margins and operating results can be negatively impacted.

We face risks relating to acquisition, investments and alliances.

We may invest and enter into acquisitions and alliances from time to time. For example, we acquired Shanghai Sijin in 2019 in an effort to boost our cross-border logistics services. Such endeavors may involve significant risks and uncertainties, including distraction of management from current operations, greater-than-expected liabilities and expenses and unidentified issues not discovered in our due diligence. These new ventures are inherently risky and may not be successful. In addition, upon the completion of an investment or acquisition, we may allocate significant resources to the integration of new business into our existing business to realize synergetic benefits. The integration process involves risks and uncertainties, some of which are out of our control, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies.

Increases in the operating costs of third-party service providers or failure to maintain partnerships with them may adversely affect our business.

We rely on certain third-party service providers, such as shipping carriers, trucking companies, railway companies, warehousing service providers, customs brokers, vessel chartering companies, container suppliers and bunker suppliers, to provide services to our customers. Many of our third-party service providers are subject to increasingly stringent laws, which could, directly or indirectly, have a material adverse effect on our business. Future regulatory developments of the cross-border logistics service industry in China, the United States and other countries could adversely affect their operations and increase operating costs of the upstream suppliers, which in turn could increase our logistics-service costs. If we are unable to pass such costs on to our customers, our business and results of operations could be materially and adversely affected.

Changes in the financial stability, operating capabilities and capacity of our third-party service providers and capacity allotment available to us may affect us in unpredictable ways. For example, any combination of reduced carrier capacity or availability, pricing volatility or more limited carrier shipping schedules, shipwreck or other accidents, or congestion of trade lanes or ports, could further negatively affect our ability to execute services and maintain profitability. In addition, relief measures extended by certain governments may also affect our third-party service providers' financial stability and ability to provide services, which we cannot predict.

We have limited control over the quality of services provided by these service providers. In the event that they fail to meet the expectation of our customers in terms of delivery time, transportation process and cargo handling procedures, which may cause delay in delivery or damages in cargo during the transportation process, our business and reputation may be harmed. In addition, any illegal actions, material misconduct or non-compliant conduct by these service providers or their employees may also adversely affect our business and reputation.

Our results of operations are subject to seasonal fluctuations.

According to Frost & Sullivan, customer demand for logistics services can be highly seasonal with the traditional peak being the third quarter of each year for the China-Americas and the China-Europe shipping routes, as overseas sellers are to prepare for the Christmas and New Year holidays. According to Frost & Sullivan, the traditional peak season for the China-Asia shipping routes is the fourth quarter and before Chinese New Year. On the other hand, customer demand for logistics services can be relatively low during certain periods of each year. If we were to experience a lower-than-expected revenue during any such periods, whether from a general decline in economic conditions or other factors beyond our control, our expenses may not be offset, which would have a disproportionately adverse impact on our operating results and financial condition for that period.

If we fail to obtain sufficient funding for our business expansion, our business, results of operations, financial condition and growth prospects may be adversely affected.

Participants in the cross-border logistics service industry generally require a substantial amount of capital expenditure towards business expansion. Our ability to arrange financing is dependent on a number of factors, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, receipt of the necessary governmental approvals, investors' confidence in us, the performance of the cross-border logistics service industry in general, our operating and financial performance in particular, as well as any legal and regulatory restrictions. We cannot assure you that we will be able to obtain future financing on terms that are acceptable to us or at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations, financial condition and growth prospects may be adversely affected.

Our indebtedness could adversely affect our liquidity and profitability.

As a cross-border logistics service provider, we have significant indebtedness, particularly indebtedness incurred in connection with financing purchases of logistics assets. As of December 31, 2022, we had total outstanding bank and other borrowings of RMB66.9 million, and a gearing ratio of 8.6%. Our ability to make scheduled payments on our indebtedness and maintain our liquidity will depend heavily on our future operating performance and cash flow, which in turn depend on numerous factors, such as market demand for cross-border logistics services. We cannot assure you that we will continue to generate sufficient cash flow in the future to service our debt. If we are unable to make timely payment with respect to some or all of such indebtedness, we may need to renegotiate with the lenders or to obtain additional equity or debt financings. There can be no assurance that any of these alternatives could be effected on satisfactory terms or without breach of the terms and conditions of then existing financing transactions. Consequently, our business, results of operations and financial condition could be adversely affected.

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

We recorded net current liabilities of RMB18.8 million as of December 31, 2020. Our net current liability position as of December 31, 2020 was primarily due to an increase in trade payables and interest-bearing bank and other borrowings as of the same date. There can be no assurance that we will be able to record net current assets in the future. If we record net current liabilities, we may face a deficiency of working capital and may not be able to service short term debts. Any of these events could have a material adverse impact on our business and results of operations.

Increases in interest rates may adversely affect our results of operations.

Like many other participants in the cross-border logistics service industry, we may rely on bank borrowings to finance the purchases of vessels or shipping containers. An increase in the interest rates of our loans may result in a significant increase in our interest expense, adversely affecting our finance costs, which in turn may affect our business and profitability. There can be no assurance that our interest rate exposure will be effectively reduced, if at all, through the entering of these transactions. If structured improperly, certain derivative financial instruments may increase our exposure to interest rate fluctuations.

We may be exposed to credit risk associated with our trade receivables.

Our trade receivables primarily represent the outstanding amounts receivable by us from our third-party customers. As of December 31, 2020, 2021 and 2022, the carrying amount of our trade receivables was RMB117.3 million, RMB311.3 million and RMB149.1 million, respectively, and the impairment of our trade receivables was RMB5.2 million, RMB6.4 million and RMB15.8 million, respectively. See "Financial Information–Description of Certain Items of Consolidated Statements of Financial Position–Trade Receivables" for details. We may not be able to collect all such trade receivables due to a variety of factors that are out of our control. For example, if our relationship with any of our customers deteriorates or terminates, or if any of them experiences any difficulty in their operations or a decrease in their business or financial performance for any reasons, our customers may delay or default in their payment. As a result, we may not be able to fully recover the outstanding amounts due from them, or at all. Notwithstanding that we had recorded loss allowances on our trade receivables, if we are not able to manage the credit risk associated with our trade receivables, our cash flows and results of operations may be materially and adversely affected.

We are subject to credit risk arising from our prepayments and other receivables.

Our prepayments and other receivables primarily consist of prepayment, deposit and consideration receivables for disposal of containers. As of December 31, 2020, 2021 and 2022, our prepayments and other receivables was RMB14.6 million, RMB327.6 million and RMB426.5 million, respectively. We recorded prepayments and other receivables of RMB327.6 million as of December 31, 2021, primarily because we recorded consideration receivables for disposal of containers. Our prepayments and other receivables increased to RMB426.5 million as of December 31, 2022, primarily due to the prepayment for purchase of container vessels of RMB377.2 million. There is no guarantee that the counterparties of our prepayments, deposit and consideration receivables for disposal of containers will perform their obligations or in a timely manner, and we are subject to impairment risk in relation to our prepayments and other receivables. In 2020 and 2021, we recognized impairment losses for other receivables amounting to RMB44,000 and RMB0.9 million, respectively. In 2022, we recognized reversal of impairment losses for other receivables amounting to RMB0.6 million.

We cannot assure you that we will be able to collect all or any of our prepayments and other receivables on time, or at all, if relevant counterparties delay or even default in performing their obligations. As a result, we make allowances for impairment losses of prepayments and other receivables when we determine the chances of recovering the relevant amounts due are remote. We conduct assessments on the recoverability of prepayments and other receivables based on, among others, our historical settlement records, our relationship with relevant counterparties, payment terms, market trends and to a certain extent, the macro-economic and regulatory environment, which involve the use of various judgments, assumptions and estimates by our management. We made impairment allowances for prepayments and other receivables of RMB0.6 million, RMB1.5 million and RMB0.8 million as of December 31, 2020, 2021 and 2022, respectively. As our management's estimates and related assumptions were made in accordance with information available to us at the time the allowance was determined, there is no assurance that our expectations or estimates will remain accurate for the future. If we are not able to recover the amount as scheduled, we may need to make allowance for impairment of prepayments and other receivables, and our business, financial condition and results of operations may be adversely affected.

Impairment of our goodwill and other intangible assets could negatively affect our reported results of operations.

During the Track Record Period, we recorded goodwill primarily in connection with our acquisition of 75% of equity interest in Shanghai Sijin. The carrying amount of goodwill allocated to Shanghai Sijin cash-generating unit remained stable at RMB8.6 million as of December 31, 2020, 2021 and 2022. We recorded intangible assets, mainly software, with a net carrying amount of RMB2.8 million, RMB2.2 million and RMB2.1 million as of December 31, 2020, 2021 and 2022, respectively.

We initially measure goodwill at the excess of the aggregate of the consideration transferred. After initial recognition, we measure goodwill at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We initially measure intangible assets at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Intangible assets are assessed for impairment when there is an indication that the intangible assets may be impaired. If we determine that our goodwill and intangible assets are to be impaired, we would be required to write down the carrying value or record charges to earnings in our financial statements during the period in which our goodwill and intangible assets are determined to be impaired, which would materially and adversely affect our results of operations.

We may not be able to fulfill our obligations in respect of contract liabilities, which may have material and adverse impact on our results of operations and liquidity position.

Our contract liabilities primarily consist of advance service fees from customers of cross-border logistics services. We recorded contract liabilities of RMB7.8 million, RMB39.3 million and RMB19.6 million as of December 31, 2020, 2021 and 2022, respectively. In the event that we are unable to fulfill our obligation in respect of the contract liabilities, such as failing to deliver cargo to destinations as agreed between our customers and us, we may be required to return the corresponding portion of payment received from our customers, which may adversely affect our cash flow and liquidity position. In addition, we may not be able to convert such contract liabilities into revenue, which may in turn adversely affect our business performance and results of operations. Failure in fulfilling our contractual obligations may also adversely affect our relationship with such customers, which may adversely affect our reputation and results of operations in the future.

Increased requirements regarding licenses, registrations and approvals and increasingly stringent legislations could cause disruptions to our business and increase our operating costs.

The cross-border logistics service industry is regulated by specific legislations regulating freight transportation, customs clearance, warehousing and container depot operations. To undertake such businesses, various registrations, approvals and licenses are required to be obtained from regulatory authorities. For example, as of the Latest Practicable Date, we obtained the NVOCC qualification in China and in the United States, and International Liner Shipping Qualification Registration Certificate in China. The validity of our certain licenses and permits are subject to renewal and timely update of relevant information registered therein. With increasing requirements regarding licenses and permits for our cross-border logistics services, the future costs and difficulties of complying with the conditions for the approval or renewal of such licenses and permits cannot be ascertained. As a result, if the relevant governmental authorities promulgate new laws and regulations that require additional approvals or licenses that are unfavorable to us, we could be subject to operational disruption and our financial condition and results of operations could be adversely affected.

Any challenge by third parties or government authorities over our right to use our leased properties or failure to renew our current lease may adversely affect our business operations.

Some of the lessors of our leased properties have not provided us with their property ownership certificates or other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. Some of our leased properties were also subject to mortgage at the time the leases were entered into. Such leases may not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, we are in a situation where our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. Also, in the event that the actual use of our leased properties is inconsistent with the use registered on the land use right certificate or our leased properties are on allocated land (劃撥土地), the competent authorities may require the lessors to return the land and impose fines on the lessors, or confiscate the proceeds from the leasing of the properties and imposed fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. Under such circumstances, the relevant lease agreements may be deemed to be in breach of the law and therefore be void. In addition, regulatory and administrative measures on fire safety in China may vary among different regions, and some internal regulatory guidance may not be published timely. During the Track Record Period and up to the Latest Practicable Date, all of our leased properties currently in use in China that required filing with the fire safety authority under the PRC laws had been properly filed with the relevant fire safety authority in accordance with the PRC laws. However, we cannot assure you that all our leased properties in China will satisfy all fire-control requirements as required by relevant PRC laws and regulatory rules and standards. As a result, our use of the leased property may be affected. In the event that our use of properties is challenged by the regulators or is affected by fire incidents, we may be forced to relocate the affected operations.

We are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged in the future. In the event that our use of properties is challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We cannot assure you that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be adversely affected.

We may be subject to penalties for the non-registration of lease agreements in the PRC.

As of the Latest Practicable Date, the lease agreements with respect to nine of our leased properties in China had not been registered and filed with the relevant land and real estate administration bureaus in China. The relevant authorities may require us to complete the lease registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement. See "Business—Property—Leased Property" for details. We cannot assure you that the relevant authorities will not impose penalties for failure to register these lease agreements. Any such penalties could have a material adverse effect on our business, financial position and results of operations.

Any security breaches of or attacks against our system and network, any actual or perceived failure by us or third parties to comply with applicable cybersecurity and data protection laws and regulations or privacy policies could damage our reputation and adversely affect our business, financial condition and results of operations.

During the course of our business, we may from time to time collect and use personal data such as addresses and phone numbers and other information from our customers, employees and third parties through the operation of our internet service system and company websites. Despite the continuous improvement of our data security measures, our data security may be breached due to employee error, malfeasance, system errors or vulnerabilities or otherwise. Any accidental or willful security breaches or other unauthorized access to our systems and platforms could cause confidential customer and other third party data to be leaked and used for unlawful purposes and we may be exposed to liabilities for such loss or misuse of information, potential litigation or negative publicity, which may have a material adverse impact on our business, financial condition and results of operations.

Laws and regulations related to cybersecurity are relatively new and evolving in the PRC, the interpretation and enforcement of which involve significant uncertainties. On June 10, 2021, the Standing Committee of the National People's Congress promulgated the PRC Data Security Law (中華人民共和國數據安全法) which came into effect in September 2021 and provides for a security review procedure for data processing activities that may affect national security. On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (the "**Cybersecurity Review Measures**", 網絡安全審查辦法) which has come into effect on February 15, 2022. The Cybersecurity Review Measures require that if the procurement of network products and services by a "critical information infrastructure operator" and the data processing activities of a "network platform operator" affect or may affect national security, it shall apply for cybersecurity review to the Cybersecurity Review Office. In addition, on November 14, 2021, the CAC published a discussion draft of Regulations on the Administration of Cyber Data Security (Draft for Comments) (the "**Draft Cyber Data Security Regulations**", 網絡數據安全管理條例(徵求意見稿)), which regulates the specific requirements in respect of the data processing activities conducted by data processors through internet in the view of personal data protection, security of important data, data cross-border security management and obligations of internet platform operators. The Draft Cyber Data Security Regulations specifically require that if the listing in Hong Kong by a data processor affects or may affect national security, the data processor shall apply for cybersecurity review in accordance with the relevant PRC laws and regulations. See "Regulatory Overview—Laws and Regulations relating to Our Business in the PRC—Laws and Regulations Relating to Data Security." The Draft Cyber Data Security Regulations were released for public comment only and its operative provisions and the anticipated adoption or effective dates may be subject to change with substantial uncertainty. It also remains uncertain whether the future regulatory changes would impose additional restrictions on companies like us. We cannot predict the impact of the new cybersecurity and data security regulatory regimes, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the enacted version of the Draft Cyber Data Security Regulations mandates or any PRC regulatory authority requires that we shall complete clearance of cybersecurity review or other specific actions, we will face uncertainties as to whether such clearance can be timely obtained, or at all. Any failure to complete or delay in completion of these processes may subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations or revocation of our business licenses and permits, among other sanctions, which could materially and adversely affect our business and results of operations.

We may not be able to prevent others from unauthorized use of our intellectual property, which could harm our business and competitive position.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property (which we have ownership or legal rights to use) as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete arrangements with our employees and others, to protect our proprietary rights. Despite these measures, 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. For example, we operate under the name "山東樂艙網國際物流股份有限公司" and as of the Latest Practicable Date, we had 13 software copyrights, 12 registered trademarks, one utility model patent and seven domain names which are, in the opinion of our Directors, material to our business. However, if there is any misuse by third parties of our brand name or if we are unable to detect, deter and prevent misbehavior and misconduct by our employees or if we fail to effectively protect our brand and trademark, our reputation could be damaged and our business and financial performance may be materially and adversely affected.

In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents 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 continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our solutions or services, the solutions or services provided by third-party merchants in our business. There could also be existing patents of which we are not aware that our solutions or services may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us 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.

We may fail to identify referral shipments carrying goods of dangerous or illicit nature.

Containers and cargos entering a country are generally subject to customs clearance. We may have no control over, and no knowledge of, the content of the goods that our customers ask us to handle, other than as declared in relevant declaration forms. We have implemented relevant operational standards regarding handling of cargos and containers. However, it is possible that actual containers and cargos handled by us may differ from what is described in the declaration forms. Should there be discrepancies or illegal activities occurring on the part of the customers and we fail to identify their nature, these containers and cargos may end up being impounded by customs, or give rise to any unexpected accidents, where we may be subject to investigations for breaking local laws and be fined by authorities. In such event, our reputation, business and results of operations may be materially and adversely affected.

Any inability to develop or retain our key management team members or qualified employees may have an adverse effect on our operations.

We believe that our success, to a large extent, is primarily attributable to the contribution of Mr. Xu Xin, our executive Director, chief executive officer, president and chairman of our Board, Ms. Li Yan, our executive Director and vice president, Ms. Zhu Jiali and Mr. Yu Zhenrong, each being our executive Director, and Mr. Sun Hongyang, our vice president and a member of our senior management team. Details of their expertise and experience are set out in "Directors and senior management." We rely on our key management in many important aspects of our business including sales and marketing, maintenance of customer relationships and management of our operations. We also rely on our experienced management team to ensure smooth business operations. Should any of our key personnel ceases to serve us and we fail to recruit and retain an appropriate replacement in a timely manner, our business and operations may be adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly technical and operational personnel with expertise in the cross-border logistics service industry or other areas we expand into. The effective operation of our managerial and operating systems, logistics infrastructure, customer service center and other back office functions also depends on the hard work and quality performance of our management and employees. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

We may from time to time become parties to claims, lawsuits, legal or administrative disputes and other proceedings that may adversely affect our reputation, business and results of operations.

As the industry in which we operate has inherent risks of maritime accidents involving loss or damage of property or even death or injury to persons, we may, from time to time, be involved in disputes with and subject to claims by our employees and service providers. Disputes may also arise if our customers are dissatisfied with our services. Claims may include claims for compensation due to the provision of substandard services, disputes relating to late or insufficient payment and claims in respect of personal injuries and labor compensation. Any of these proceedings is inherently unpredictable, and awards of excessive damages or compensation to other parties may occur. As of the Latest Practicable Date, we had no material ongoing legal proceedings. We may be subject to judgments or enter into settlements that could have an adverse effect on our business, financial position and results of operations.

If we are involved in any legal proceedings, our management's time and efforts could be diverted from the operation of our business to pursue or defend the legal proceedings, and our insurers may also increase our insurance premiums. Furthermore, any litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business contracts. Similarly, any claim, dispute, legal proceeding or investigation involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Negative publicity arising from litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands. These may adversely affect our operations and financial performance. If we fail to claim or defend any legal proceedings on a timely basis, or fail to settle such legal proceedings on commercially reasonable terms, or the damages that we may be held liable to pay in respect of such legal proceedings are not adequately covered by our insurance policies, our business and results of operations may be adversely affected.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

During the Track Record Period, we (i) engaged in transactions of selling containers and providing transportation services for the said containers to an entity which is based in Russia (excluding Crimea), and (ii) maintained operating entities, subsidiaries and affiliates in Hong Kong ("Hong Kong Operating Entities"). Regarding (i), our transactions involving Russia (excluding Crimea) were limited to the aforementioned sales and transportation of containers to the said entity based in Russia. We delivered the last batch of containers to the designated location on February 7, 2022, and the payment relative to the last batch of containers was received by us in December 2021, both of which were before the U.S. Treasury department determined that sanctions apply to the marine sector of the Russian Federation economy. We have also entered into a termination agreement with the said Russia-based entity to cease the business relationship. The Company has confirmed that it has not conducted any business dealings or had any operations in LPR, DPR, Crimea, Kherson and Zaporizhzhia regions.

Regarding (ii), the Company has confirmed that during the Track Record Period, these Hong Kong Operating Entities have entered into certain transactions with counterparties in Hong Kong. We were engaged in the provision of cross-border logistics services, procurement and sales of containers, and chartering in and leasing of vessels. The Company has confirmed that none of its counterparties in Hong Kong were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, Australia and the United Nations.

The Relevant Regions were subject to various sanctions during the Track Record Period but none of them was subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

While we have implemented internal control measures to minimize our risk exposure to International Sanctions, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of the United States or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group. For details on our business operations in the Regions subject to International Sanctions, please refer to the section headed "Business—Business activities with Regions subject to International Sanctions" in this document.

Our business could be impacted by political and economic sanctions, as well as geopolitics and trade protection measures.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries and sanctions and export controls administered by the relevant government authorities. For example, the United States and other jurisdictions or organizations, including the European Union, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or regions or against targeted industry sectors, groups of companies or persons, and organizations within such countries or regions. Such laws and regulations may subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are out of our control. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any sanctions.

As our business continues to expand, we will enter into new regions and establish business relationship with more suppliers and customers. We cannot assure you that we or our suppliers and customers will not be subject to such restrictions in the future. Any potential restrictions imposed on us or our suppliers and customers, as well as any associated inquiries or investigations or any other government actions, may cause disruptions to our service offerings and business operations, result in negative publicity, require significant management time and attention and subject us to fines, penalties or orders. Any of the foregoing events may have a material and adverse effect on our business, financial condition and results of operations.

Our property could be seized or attached by maritime claimants, which could result in a significant loss of revenue and cash flow.

Crewmembers, suppliers of goods and services to a vessel, shippers of cargos and other parties may be entitled to a maritime lien against our property for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by either seizing or attaching property, such as a vessel, through foreclosure proceedings. The seizure or attachment of our property could require us to pay a substantial amount of money to have the arrest or attachment lifted, and could subsequently result in a significant loss of earnings and cash flow. We cannot assure you that such occasions will not occur to us in the future.

We may face unexpected costs for the maintenance of our logistics assets.

Many of our logistics assets require regular maintenance. For example, we routinely engage shipyards to dry-dock our vessels for regulatory compliance and to provide repair and maintenance. Vessels may also have to be dry-docked or repaired at sea in the event of accidents or other unforeseen damage. Unexpected dry-dockings or repairs could require us to utilize a reserve vessel, purchase additional fuel and operate a less-efficient, smaller vessel for a period of time. The cost of repairs is difficult to predict with certainty and can be substantial. In addition, the time when a vessel is out of service for maintenance is determined by a number of factors, including regulatory deadlines, market conditions, shipyard availability and customer requirements, and accordingly, the length of time that a vessel may be out of service may be longer than anticipated, which could adversely affect our business, financial condition, results of operations and cash flows.

Our operations are susceptible to weather, natural disasters, maritime accidents, spill events and other physical and operating risks, including those arising from climate change.

As a cross-border logistics service provider, our operations are vulnerable to disruption as a result of weather, natural disasters and other climate-driven events, such as rising temperatures, sea levels and storm severity, bad weather at sea, hurricanes, typhoons, tsunamis, floods and earthquakes, as well as a maritime accident, oil or other spill, or other environmental mishap. Climate change has increased and may continue to increase the frequency, severity and uncertainty of such events. Such events interfere with our ability to provide on-time scheduled service, resulting in increased expenses and potential loss of business associated with such events. In addition, severe weather and natural disasters can result in interference with our terminal operations and may cause serious damage to our logistics assets. Our logistics assets and their cargos are also subject to operating risks such as mechanical failure, collisions and human error.

The occurrence of any of these events may result in damage to or loss of logistics assets, cargos, increased maintenance expense, loss of life or physical injury to our employees or people, pollution, or the slow down or suspension of operations. These events can expose us to reputational harm and liability for resulting damages and possible penalties. Affected logistics assets may also be removed from service and thus would be unavailable for income-generating activity.

In wartime or emergency situations, the government may requisition our property resulting in the reduction of our revenue.

In many regions of the world, commercial property, such as vessels, may be requisitioned by governments for use during wartime or other emergency situations. However, the property owner may not receive compensation from the government nor be covered by its insurance. In the event that the governments were to requisition one or more of our vessels, or charter the vessels at rates lower than the market rates, our business, operating results and financial condition could be adversely affected.

Crime, such as piracy, could adversely affect our business and results of operations.

Crime, such as piracy, is a potential risk in the operation of cross-border logistics business. The frequency of crime incidents against commercial shipping vessels has increased significantly in recent years. As we expand the network of our seaborne transportation, our vessels may in the future travel in regions that have high frequencies of crime incidents. Take piracy as an example, pirate attacks on any of our vessels could result in loss of life, kidnapping of our crew or theft, damage or destruction of our vessels or of cargos being transported thereon. We may not be adequately insured to cover losses from these incidents, which could have a material and adverse effect on our business and results of operations.

Our risk management and internal control systems, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of our risk management system, our risk management system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our new business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

Our ESG targets and plans may be subject to change and may not be achieved.

We are committed to operating our vessels in a responsible and sustainable manner, and we have disclosed various environmental, social and governance (ESG) targets and plans in this document. These include, but not limited to, reducing our greenhouse gas and other emissions, improving our energy efficiency, transitioning into zero emission vessels and enhancing our safety and security standards. However, our ESG targets and plans are based on our current assumptions, expectations and estimates, which may change over time due to various factors, such as market conditions, industry trends, regulatory developments, technological developments, availability and costs of alternative fuels such as methanol, customer preferences, stakeholder feedback, operational challenges and unforeseen events. Therefore, we may revise, update, modify or discontinue some or all of our ESG targets and plans from time to time, and we may not be able to achieve them within the expected timeframe or at all. Any such changes or failures may adversely affect our reputation, competitiveness, profitability, and ability to access capital, insurance coverage and attract and retain talent. These changes or failures may also expose us to legal, regulatory or contractual liabilities, sanctions or penalties, or increased scrutiny, criticism or litigation from our stakeholders, such as investors, customers, employees, regulators, communities, rating agencies, industry associations, classification societies or environmental and social bodies. Our ESG targets and plans should be considered together with the risks and uncertainties associated with them. No undue reliance should be placed on our ESG targets and plans.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Changes in China's or global economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.

A substantial portion of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The Chinese government plays a significant role in regulating industry development by imposing industrial policies. The

Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us.

In addition, the global macroeconomic environment is facing challenges. For example, the impact of the United Kingdom's withdrawal from the European Union, commonly referred to as "Brexit", and the resulting effect on the political and economic future of the United Kingdom and the European Union is uncertain. Brexit could adversely affect European and worldwide economic and market conditions, and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Compliance with the rapidly evolving landscape of cross-border transfer of data and data security laws and regulations may be challenging, which may affect our business operation.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which became effective on June 1st, 2017, personal information and important data collected and generated by operators of critical information infrastructure in the operations within the territory of the People's Republic of China shall be stored in the PRC. Where it is necessary to provide such information outside of China for business purposes, a security assessment shall be conducted in accordance with the measures formulated by the state cyberspace department in conjunction with relevant departments of the State Council, unless otherwise provided by laws or administrative regulations.

The Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which came into effect on September 1, 2021, provides that a critical information infrastructure has the meaning of an important network facility and information system in important industries such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense technology, among others, as well as other important network facilities and information systems that may seriously endanger national security, the national economy, the people's livelihood, or the public interests in the event of damage, loss of function, or data leakage.

The Data Safety Law of the People's Republic of China, which came into effect on September 1, 2021, provides that all regions and departments are responsible for the data and data security collected and generated in the work of their own regions and departments. The competent departments of industry, telecommunications, transportation, finance, natural resources, healthcare, education, technology, among others. shall undertake the responsibility for data security supervision in their own industries and fields. The state exercises export control on data belonging to controlled items related to safeguarding national security and interests and fulfilling international obligations.

The Cybersecurity Review Measures, which was promulgated on December 28, 2021 and will be come into effect on February 15, 2022, provides that "operator of critical information infrastructure" or a "operator of internet platform", who has personal information of more than one million users and is going to list in foreign countries, must report to the relevant cybersecurity review office for a cybersecurity review. The cybersecurity review office, which subordinates to the CAC, takes charge of preparing the systems and codes relating to cybersecurity review, and arrange cybersecurity events.

We collect and use data in the course of our business operations, but because (i) the relevant laws and regulations do not clearly stipulate the scope of "operators of critical information infrastructure" and the data that are included in the scope of export control and (ii) up to now, we have not been recognized as an operator of critical information infrastructure by any laws and regulations or administrative authorities, there is uncertainty as to whether the collection and use of data collected and used in our business operations involves a violation of the above provisions. If it is subsequently proved that the data we collect and use is within the scope of control, then we need to regulate it in accordance with the requirements of relevant regulations, otherwise we may face penalties from the competent authorities.

We may be required to contribute additional social insurance or housing provident funds, or be imposed of late payment fees or fines.

Companies operating in China are required to participate in various employee benefit plans, including social insurance, housing provident funds and other welfare-oriented payment obligations. The amounts of contributions should be equal to a prescribed percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. During the Track Record Period, we did not make full contribution to social insurance and housing provident fund, the shortfall of which was RMB0.5 million, RMB0.3 million and RMB0.4 million in 2020, 2021 and 2022, respectively. According to the relevant PRC laws and regulations, we may be requested by relevant PRC authorities to pay the outstanding social insurances contribution within a prescribed period and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. If we fail to repay the outstanding social insurance contribution within the stipulated period, we may be liable to a fine of one to three times the outstanding contribution amount. If we fail to pay housing fund contributions within the prescribed deadline, we may be subject to an order by the relevant people's court to make such payments. As of the date of this document, we have not received any notices, complaints or demand for payment of these outstanding contributions from the relevant government authorities. However, we cannot assure you that we will not be subject to any order from the relevant government authorities in the future to rectify such non-compliance, nor can we assure you that there are no or will not be any employee complaints regarding payment of the social insurance funds and housing funds under the relevant laws and regulations implemented at the national, provincial or local level. We may also incur additional expenses to comply with the relevant laws and regulations implemented by the national provincial or local authorities. If any of these occurs, our financial condition and results of operations may be adversely affected.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries and consolidated affiliated entities in China are subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

You may experience difficulties in effecting service of legal process, enforcing judgments or bringing original actions in the PRC based on foreign laws against us and our management.

We are a PRC-based company and many of our operations are conducted in the PRC. As a result, it may not be possible to effect service of process outside of the PRC upon the substantial majority of our Directors and executive officers. Moreover, the PRC does not have treaties providing for the recognition and enforcement of civil judgments of courts of the

Cayman Islands and various other jurisdictions. As a result, recognition and enforcement in the PRC judgments of a court in the Cayman Islands or other jurisdictions in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of the PRC and the completion of the relevant legislative procedures in the Hong Kong. The New Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. Therefore, before the New Arrangement becomes effective, it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not enter into a choice of court agreement in writing.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls. Central governmental authorities and provincial and local authorities and agencies regulate many aspects of Chinese industries, including, among others and in addition to specific industry-related regulations, the following aspects: (i) operation of cross-border logistics services; (ii) traffic and transport-related services; (iii) provision of transport services, financial services, retail services and operation of high technology businesses; (iv) environmental laws and regulations; (v) security laws and regulations; (vi) establishment of or changes in shareholder of foreign investment enterprises; (vii) foreign exchange; (viii) taxes, duties and fees; (ix) customs; and (x) land planning and land use rights.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. For example, according to regulations concerning transfer pricing between associated enterprises, related party transactions should comply with the arm's length principle. If the related party transactions fail to comply with the arm's length principle, the relevant tax authority has the power to make an adjustment following certain procedures. There is no assurance that the competent tax authorities would not challenge the appropriateness of our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If a competent tax authority later determines that the transfer prices and terms that we have applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require us to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income. Any such reallocation or adjustment may result in a higher overall tax liability for us and may adversely affect our business, operation and financial results.

Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

We are exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst the currencies other than our functional currencies. The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollars, the U.S. dollar or other currencies in the future. The value of RMB against the Hong Kong dollars, U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollar in the future.

We conduct our businesses mainly in RMB, with certain transactions conducted in USD, and to a less extent, other currencies. Our exposure to foreign currency exchange risks arises from such certain transactions conducted in USD and other foreign currencies. As of December 31, 2020, 2021 and 2022, we had RMB25.4 million, RMB179.7 million and RMB294.5 million respectively, in cash and cash equivalents denominated in USD and other foreign currencies. Our result of operations and financial position of our overseas subsidiaries that have a functional currency other than RMB are also affected by the fluctuation of exchange rates. As of the end of each year during the Track Record Period, assets and liabilities of these overseas subsidiaries and their statements of profits or loss are translated into RMB. The resulting exchange differences are recognized in our consolidated statements of other comprehensive income. In 2020 and 2021, we recorded exchange losses on translation of foreign operations of RMB4.4 million and RMB5.5 million, respectively. In 2022, we recorded exchange gain on translation of foreign operations of RMB85.9 million. We cannot guarantee that we will not experience significant changes in exchange rates in the future, impacting both our statements of operations and the value of our assets and liabilities denominated in foreign currencies. Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars and U.S. dollars we receive into RMB to pay our operating expenses, appreciation of RMB against the Hong Kong dollars and the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the Hong Kong dollars and the U.S. dollar may significantly reduce the Hong Kong dollars or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Shares.

To date, we have not maintained any specific hedging policy or foreign currency forward contracts in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. Should we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance shall be adversely affected.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company, and we rely partly on dividends and other distributions on equity paid by our operating subsidiaries in the PRC for our cash and financing requirements including the funds necessary to pay dividends and other cash distributions to our Shareholders, service any debt we may incur and pay our operating expenses.

Under PRC laws and regulations, our PRC subsidiaries are subject to different dividend policies. Our PRC subsidiaries are required to set aside 10% of their accumulated after-tax profits each year to fund a statutory reserve which is not distributable as dividends until the accumulated amount of such reserve has exceeded 50% of the registered capital of that PRC subsidiary. As a result of these PRC laws and regulations, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. Limitations on the ability of our PRC subsidiaries to pay dividends to us could adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Under our current corporate structure, our Company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency needs, we may not be able to pay dividends in foreign currencies to our shareholders.

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 price 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**] and [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be traded following completion of the [**REDACTED**]. The [**REDACTED**] may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The [REDACTED] and volume 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 market prices 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 initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings 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 market price and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your investment in our Shares.

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

Future [**REDACTED**] 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**] 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 substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. We cannot assure you that our substantial shareholders 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 [**REDACTED**] of Shares by such shareholders and the availability of these Shares for future [**REDACTED**] may have negative impact on the [**REDACTED**].

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 per share of our Shares immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

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 investment.

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 investment in our Shares as a source for any future dividend income.

Our board of directors has the discretion to pay interim dividends and to recommend to shareholders to pay final dividends; however, dividend payment is subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits and/or share premium account, and provided always that in no circumstances may a dividend be paid out of share premium 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 of directors. Even if our board of directors 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 subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment 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 investment in our Shares and you may even lose your entire investment in our Shares.

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

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the delivery service 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 cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other persons or parties 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.

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 [**REDACTED**] Share Scheme. 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.

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

The [**REDACTED**] of our Shares is expected to be determined on the [**REDACTED**]. However, our Shares will not commence [**REDACTED**] on the Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the [**REDACTED**] date. As a result, investors may not be able to [**REDACTED**] or [**REDACTED**] 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.