

RISK FACTORS

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

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

Risks Related to Our Business and Industry

Uncertainties relating to the growth and profitability of the evolving and dynamic industrial supply chain technology and service market could adversely affect our business, prospects and results of operations.

The industrial supply chain technology and service market is still in its early stage of development in China, which may not develop into the stage and scale we expect. We have a relatively limited history of engaging in industrial supply chain technology and service businesses and limited experience in operating our digital procurement services and e-commerce marketplace.

As the industrial supply chain technology and service market emerged in China only in recent years, the long-term viability and prospects of digitalizing the industrial supply chain in China remain untested and subject to significant uncertainties. You should consider our business and prospects in light of the risks and challenges we currently encounter or may encounter given the rapidly evolving market in which we operate and our limited operating history. These risks and challenges include our ability to, among other things:

- respond to macroeconomic factors and economic development in connection with industrial sector, including inflation, fiscal policy, employment rate, national income, as well as adverse news, scandals or other incidents associated with industrial sector;
- expand or optimize the product and service mix, sustain and improve the quality of industrial products and industrial technology solutions and provide a satisfying customer experience;
- maintain and enhance our relationship and business collaboration with suppliers, customers, and warehousing and logistics service providers;
- attract new customers, retain existing customers and improve their spending, and expand our prospective customer base;
- develop and upgrade our offerings and services;
- enhance our technology infrastructure to support the growth of our business and maintain the security of our system;
- navigate the complex and evolving regulatory environment;

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- withstand fluctuations in the supply and demand and prices of industrial products and related raw materials;
- manage our strategic investments and alliances; and
- defend ourselves against legal and regulatory actions.

We are making decisions in connection with our long-term business strategy including our ability to expand the breadth and depth of our solutions and services and further invest in proprietary technologies. Such initiatives and enhancements may require us to incur significant operating and capital expenditures. Additionally, in developing our business strategy, we make certain assumptions including, but not limited to, those related to customer demand and preferences, competition landscape and the economy in China and globally; and actual market, economic and other conditions may be different from our assumptions. As technology, customer behavior and market conditions continue to evolve, it is important that we maintain the relevance of our product and service offerings to our customers and innovate and adapt to changes and developments. If we are not able to successfully implement our business strategy and effectively respond to changes in market dynamics, our future operation performance and financial results will deteriorate.

Our business, financial condition and results of operations may be materially and adversely affected if we are unable to attract and retain customers and maintain satisfactory customer experience.

The success of our business depends on our ability to provide superior industrial supply chain technology and service to expand our customer base, which in turn depends on a variety of factors. These factors include our ability to offer a wide array of high-quality industrial products and services with great value for money, optimize the product and service offerings in response to the diverse and evolving demand of our customers, expand and maintain relationships with our customers and suppliers, offer timely and reliable fulfillment service, develop industrial technology solutions and intelligent services and recommend suitable products and services to our customers, all of which will require us to incur substantial costs and expenses. If such costs and expenses fail to effectively translate into a larger customer base, we may not be able to achieve our business goals and our results of operations may be materially and adversely affected. Furthermore, our efforts to grow our customer base may not lead to immediate results with increased revenues but probably may have delayed effect on our financial performance. Even if they do, any increases in revenues may not offset the cost of revenues and the expenses incurred. If we are not successful in our efforts to retain existing customers, attract new customers and increase customer spending, our revenues may decline and our results of operations may be materially and adversely affected.

The expansion into new product categories and services may expose us to new challenges and more risks.

As our customer base and product and service offerings change over time, we must identify new products, product lines and services that respond to the evolving industry trends and customer needs. Our inability to introduce new products and services that meet customers’ evolving demand and preferences, and effectively integrate them into our existing product and service mix could have a negative impact on future sales growth and our competitive position. Specifically, our lack of familiarity with new products and new industry and lack of relevant expertise and insights may make it more difficult for us to anticipate customer demand and preferences or to ensure the quality of products and services. We may not have much bargaining power over suppliers in new categories of products

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and we may not be able to negotiate favorable terms with suppliers or ensure stable supplies of these new product categories. We may need to price aggressively to gain market share or remain competitive in new categories. Furthermore, we may need to adjust our product and service mix from time to time in response to customers’ evolving procurement demand. It may be difficult for us to achieve profitability in new product categories and our profit margin, if any, may be lower than we anticipate, which would adversely affect our overall profitability and results of operations. We cannot assure you that we will be able to recoup our investments in introducing these new product and service categories.

We rely on JD Group and its associates to a certain extent. We may have different development prospects or conflicts of interest with JD Group and, because of JD Group’s controlling ownership interest in our Company, and may not be able to resolve such conflicts on favorable terms to us.

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

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

Agreements with JD Group and its associates. We have entered into agreements with JD Group and its associates (such as JD Logistics and JD Technology) with respect to material aspects of our operations and their continued cooperation with and support to us (including marketing services, supply chain solutions and logistics services, technology and traffic support services, payment services, loyalty program, shared services, factoring services, and use of IP). See the sections headed “Connected Transactions” and “Relationship with Our Controlling Shareholders” in this document for further details of such agreements. JD Group may use its control over us to prevent us from bringing a legal claim against JD Group and its associates in the event of a contractual breach, notwithstanding our contractual rights under the agreements and any other agreement we may enter into with the JD Group and its associates from time to time.

Employee recruiting and retention. Because both JD Group and we are operating in the internet industry in China, we may compete with JD Group in the hiring of employees.

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

Our Directors and employees may have conflicts of interest. Some of our Directors are also employees of JD Group. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for JD Group and us.

Although we will be a stand-alone [REDACTED] company after the [REDACTED], we expect to operate, for as long as JD Group remains one of our Controlling Shareholders, as an affiliate of JD Group. As a Controlling Shareholder, JD Group’s decisions with respect to us or our business may be resolved in ways that favor JD Group and its shareholders, which may not necessarily align with our

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interests and the interests of our other Shareholders. After we become a stand-alone [REDACTED] company, we will have an audit committee, consisting of independent non-executive Directors, to review and approve all proposed connected transactions as defined in the Listing Rules, including any transactions between us and JD Group and/or its associates. However, we may not be able to resolve all potential misalignments in interests, and even if we do so, the resolution may be less favorable to us than if we were dealing with an unconnected party. For further details as to how we address such conflicts, see the section headed “Relationship with Our Controlling Shareholders” in this document.

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

We will continue to be controlled by JD Group after the [REDACTED] and will continue our substantial cooperation with JD Group in various aspects, including marketing services, supply chain solutions and logistics services, technology and traffic support services, payment services, loyalty program, shared services, factoring services, and use of IP. If JD Group discontinues its cooperation with us, reduces, suspends or terminates any type of support to us, we will need to obtain such support from other parties, or improve the capabilities on our own.

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

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

In addition, we believe our brand image and corporate reputation will play an increasingly important role in enhancing our competitiveness and maintaining business growth. Many factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. These factors include our ability to provide superior solutions and services to our customers, successfully conduct marketing and promotional activities, manage relationship with/ among our customers, suppliers, third-party merchants and other business partners, and manage complaints and events of negative publicity, maintain positive perception of our Company, our peers and industrial supply chain technology and service market in general. Any actual or perceived deterioration of our solution and service quality, which is based on an array of factors including customer satisfaction, rate of complaint or rate of accident, could subject us to damages such as loss of important customers. Any negative publicity against us, our solutions and services, operations, directors, senior management, employees, business partners or our peers could adversely affect

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customer perception of our brand, cause damages to our corporate reputation and result in decreased demand for our solutions and services. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our customer base, and our business and growth prospects may be adversely affected.

We are exposed to fluctuations and disruptions in the supply of, or demand for, industrial products, along with the conditions underlying such fluctuations and disruptions, which could adversely affect the trading volume and price of the industrial products on our platform.

The volume of supply and demand for industrial products varies from time to time resulting from changes in resource availability, government policies and regulations, costs of production, demand from customers, technological developments and fluctuations. In the event that the supply of industrial products decreases or the price of raw materials of industrial products increases so that the price of industrial products increases, and that we are unable to pass on the entirety or a majority of such increase in costs to our customers, our financial performance may be adversely affected. If negative market and industry trends occur in the future, the price of industrial products on our platform could decrease, and our business and results of operations may be materially and adversely affected. If we further expand our business into global markets, we will be exposed to risks related to fluctuations in global production capacity and demand levels for industrial products, as well as global and regional economic, legal and political conditions.

Changes in the conditions underlying the supply of, and demand for, industrial products may also result in fluctuations in prices of the industrial products, which could adversely impact our results of operations and financial performance. These factors could include economic downturns, outbreaks of health epidemics such as the COVID-19 pandemic (which from time to time has resulted in some shortages of personal protective equipment, cleaning supplies and other products), natural or human induced disasters, extreme weather, geopolitical unrest, tariffs (including new tariffs or tariff increases), trade issues and policies, detention orders or withhold release orders on imported products, labor problems experienced by our suppliers, transportation availability and cost, shortage of raw materials, unilateral product cost increases by suppliers of products in short supply, inflation and other factors.

If we fail to manage and expand our relationship with suppliers, or otherwise fail to procure products on favorable terms, our business and growth prospects may suffer.

Our platform connects a large number of suppliers, which are manufacturers, distributors, and resellers of industrial products, to meet the needs of our customers. Maintaining relationships with these suppliers is important to the growth of our business. In particular, we depend on our ability to procure products from suppliers on favorable pricing terms. We have entered into supply agreements with suppliers for products under our digital procurement services. If we fail to maintain or renew these agreements on reasonable terms or enter into comparable agreements with new suppliers or manufacturers, our business and results of operations could be materially and adversely affected. For example, given the difficulty in policing the large amount of SKUs sold on our platform, if any supplier deems that we violated their sales channel, geography or other authorizations, or any other material contract terms, such suppliers may terminate relationships with us and sue us for any damages caused. Even if we maintain good relationships with our suppliers, their ability to supply products in sufficient quantity and at competitive prices may be adversely affected by economic conditions, labor actions, regulatory or legal decisions, customs and import restrictions, natural disasters, inflation or other causes beyond our control.

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In addition, if our suppliers cease to provide us with favorable payment terms, our requirements for working capital may increase and our operations may be materially and adversely affected. If we are unable to develop and maintain good relationships with suppliers that would allow us to obtain a sufficient amount and variety of authentic and quality products on acceptable commercial terms, it may inhibit our ability to offer sufficient products sought by our customers, or to offer these products at competitive prices. Any adverse developments in our relationships with suppliers could materially and adversely affect our business and growth prospects. Any disputes with suppliers could adversely affect our reputation and subject us to damages and negative publicity. In addition, as part of our growth strategy, we plan to further expand our product offerings. If we fail to attract new suppliers to sell their products to us due to any reason, our business and growth prospects may be materially and adversely affected.

We are subject to risks relating to the fulfillment of products on our platform.

We improve fulfillment efficiency through digitalization. However, the systems that our fulfillment digitalization is built upon are new and may not work the way as we or our suppliers or customers may expect. For further discussion, see “—The complex and innovative technologies we use for our industrial supply chain technology and services are new and require more time to prove their reliability and effectiveness.”

To optimize order fulfillment efficiency, we contract with third-party warehousing and logistics service providers to store and deliver a large portion of products sold on our platform. We plan to continue to partner with third-party logistics service providers to use fulfillment facilities at additional locations to further enhance our ability to deliver products to customers and provide customized last-mile delivery service. Any inability to access sufficient services from such warehousing and logistics service providers, any increase in the price charged by such warehousing and logistics service providers, or any service disruption experienced by such warehousing and logistics service providers could have an adverse effect on our business operations. Also, we may not be able to enforce effective control over the logistic service provided directly by our suppliers or other third-party logistics providers, and our ability to conduct business and the quality of our services may be negatively affected. For associated risks, see “—We are reliant on third-party logistics service providers and warehousing service providers across China to meet the growing demand of our customers.”

Besides, we operate a number of fulfillment facilities, such as enterprise distribution centers, Jinggong Cabinets, front warehouses, and intelligent mobile warehouses. As the demand for our products and services continue to increase, we will need to continue to invest in fulfillment infrastructure and facilities. As a result, our fulfillment network will become increasingly complex and challenging to operate. Moreover, the order density in new locations may not be sufficient to allow us to operate our own fulfillment network in a cost-efficient manner. We may not be able to recruit a sufficient number of professional employees in connection with the expansion of our fulfillment infrastructure. In addition, the expansion of our fulfillment infrastructure may strain our managerial, financial, operational and other resources. If we fail to manage such expansion successfully, our growth potential, business and results of operations may be materially and adversely affected. Even if we manage the expansion of our fulfillment successfully, it may not give us the competitive advantage.

Our fulfillment may be vulnerable to damages caused by fire, flood, power outage, telecommunications failure, break-ins, earthquake, human error and other events. If any of our warehouses were to operate at a lower capacity or rendered incapable of operations, then we may be

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unable to fulfill any orders in a timely manner or at all that rely on that warehouse. In addition, those events that could damage our warehousing infrastructure, such as fire and flood, may also result in damages to our inventories, and in such event, we would incur losses as a result. We do not maintain business interruption insurance in connection with our distribution centers and local fulfillment services centers, and the occurrence of any of the foregoing risks could have a material adverse effect on our business, prospects, financial condition and results of operations.

If we fail to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform, our business may be adversely affected.

The industrial supply chain technology and service market in China in which we operate is characterized by constant change and innovation and we expect it to continue to evolve rapidly. Our success has been based on our ability to identify and anticipate the needs of our customers and suppliers, design and maintain our platform and industrial technology solutions that help them make industrial product procurement transparently and efficiently. Our ability to attract new customers, retain existing customers and improve customer spending will depend in large part on our ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of our platform and to innovate and introduce new solutions. If we fail to anticipate customers’ rapidly changing needs and expectations or adapt to emerging trends, our market share and operating results and financial condition could suffer.

Furthermore, as the number of our customers, suppliers and third-party merchants with higher transaction volume increases, the need for us to offer increased functionality, scalability and support will increase accordingly, which requires us to devote additional resources to such efforts. To the extent we are not able to enhance our platform’s functionality in order to maintain its utility, enhance our marketplace’s scalability in order to maintain its performance and availability, or improve our support function in order to meet increased demand, our business, operating results and financial condition could be adversely affected.

We are reliant on third-party logistics service providers and warehousing service providers across China to meet the growing demand of our customers.

We and third-party merchants on our platform may use logistics services and warehousing services provided by third parties, which we have no control over, to serve customers on our platform. If products sold on our platform are not delivered on time or are delivered in a damaged state which we failed to detect, customers may refuse to accept the products and hold less confidence in us. Furthermore, our logistics personnel or the logistics personnel of third parties act on our behalf and interact with our customers personally in some cases. Any failure to provide high-quality service to our customers may negatively impact the experience of our customers, damage our reputation, and cause us to lose customers. We may face claims raised by our customers that we should be held liable for any losses and damages arising therefrom. As a result, our reputation, business, financial condition and results of operations might suffer significantly.

We believe we have good business relationships with third-party logistics service providers and warehousing service providers. However, there can be no assurance that we will be able to maintain such good relationships or renew our agreements with them on commercially reasonable terms, if at all. If we fail to continue our cooperation with such service providers, or if their business or operations are interrupted or fail, and we fail to find comparable alternatives on reasonable terms, our business

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may be materially and adversely affected. Currently, a substantial part of our logistics and warehousing services are provided by JD Logistics. Our business may be adversely affected, if we are unable to maintain good relationship with JD Logistics. Besides, we may have conflict of interest with JD Logistics and may not be able to resolve potential conflicts with JD Logistics on favorable terms to us. For associated risks, see “—We rely on JD Group or its associate to a certain extent. We may have different development prospects or conflicts of interest with JD Group and, because of JD Group’s controlling ownership interest in our Company, and may not be able to resolve such conflicts on favorable terms to us.”

In addition, vehicles and personnel of third-party logistics service providers we engage may be involved in transportation accidents, and the products sold on our platform carried by them may be lost, damaged, destroyed, or may cause safety accidents in the case of hazardous products, especially hazardous chemicals. In addition, friction or disputes may arise from direct interactions between logistics service providers’ pickup and logistics personnel with senders and recipients. Personal injuries or property damages may arise if such incidents escalate.

Our e-commerce marketplace is subject to risks associated with third-party merchants.

We rely on third-party merchants to offer products over our platform and pay us commissions on their sales as well as platform usage fees under our e-commerce marketplace model. Under our e-commerce marketplace model, we do not have as much control over the products sold on our platform as we do over the products that we sell under our digital procurement services. If any third-party merchant does not control the quality of the products that it sells on our platform, conducts false advertisements, sells counterfeit or unlicensed products, or sells products without licenses or permits as required by the relevant laws and regulations even though we have requested such licenses or permits in our standard form contract with the third-party merchant, the reputation of our platform and our brands may be materially and adversely affected and we could face claims to hold us liable for the losses. Additionally, the quality of the products may also be affected adversely if any third-party merchants manage to circumvent our merchant vetting or inspection system. Moreover, some products sold on our e-commerce marketplace by third-party merchants may compete with the products we sell directly. In addition, the dynamics and requirements for our e-commerce marketplace model may not be the same as those for our digital procurement services, which may complicate the management of our business. In order for our marketplace business to be successful, we must continue to identify and attract third-party merchants, and we may not be successful in this regard.

We may incur liability or become subject to administrative penalties for counterfeit, substandard or unauthorized products sold on our platform, or for products sold on or content posted on our platform that infringe on third-party intellectual property rights, or for other misconduct.

We source our products from various suppliers. Third-party merchants on our online marketplace are separately responsible for sourcing the products they sell on our platform. We may not always be successful in adopting measures to verify the authenticity and authorization of products sold on our platform and avoid potential infringement of third-party intellectual property rights in the course of sourcing and selling products.

In the event that counterfeit, substandard, unauthorized or infringing products are sold on our platform or infringing content is posted on our platform, we could face claims that we should be held liable. Irrespective of the validity of such claims, we could incur significant costs and efforts in either

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defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further sale of the relevant products. Potential liability under PRC law if we negligently participated or assisted in infringement activities associated with counterfeit goods includes injunctions to cease infringing activities, rectification, compensation, administrative penalties and even criminal liability. Moreover, such third-party claims or administrative penalties could result in negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, results of operations or financial condition. In addition, we could be subject to regulatory actions if we fail to timely file with relevant authorities on our sales of special industrial products or carry out relevant inspection or recording requirements.

Under our standard form agreements, we require suppliers or third-party merchants to indemnify us for any losses we suffer or any costs that we incur due to any counterfeit, substandard, unauthorized or infringing products we source from these suppliers or any products sold by these third-party merchants. However, not all of our agreements with suppliers and third-party merchants have such terms, and for those agreements that have such terms, we may not be able to successfully enforce our contractual rights and may need to initiate costly and lengthy legal proceedings to protect our rights.

We are subject to risks relating to third-party online payment platforms.

We accept payments using a variety of methods, including bank transfers and online payments through third-party online payment platforms. In all these online payment transactions, secured transmission of confidential information such as paying customers’ credit card numbers and personal information over public networks is essential to maintaining customers’ trust and confidence on our platform.

We do not have control over the security measures of our third-party online payment platforms. Any security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that we use. If a well-publicized internet or mobile network security breach were to occur, customers may become reluctant to purchase products and services on our platform even if the publicized breach did not involve payment systems or methods used by us. In addition, there may be billing software errors that would damage customer confidence in these online payment systems. If any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we may lose paying customers, and customers may be discouraged from purchasing products and services on our platform, which may have a material adverse effect on our business.

In addition, there are currently only a limited number of reputable third-party online payment platforms. If any of these major payment systems decides to cease to provide services to us, or significantly increase the percentage they charge us for using their payment systems for products and services on our platform, our results of operations may be materially and adversely affected.

If we fail to manage inventory effectively, our results of operations and financial condition may be materially and adversely affected.

We adopt an asset-light model under which we leverage the inventory of various suppliers by digitalizing and integrating system data from suppliers and customers and digitalizing the sourcing and

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matching process. In addition, we hold a limited portion of our own inventory to supplement our customers’ immediate and on-time fulfillment needs. We depend on our demand forecasts for various kinds of products to make product assortment decisions and to manage our inventory and the inventory from suppliers that we could leverage. Demand for products, however, can change between the time inventory is ordered and the date by which we expect to sell it. Demand may be affected by macroeconomic environment, seasonality, new product launches, changes in production cycles and pricing, defects, changes in customer needs with respect to our industrial products and other factors, and our customers may not order products in the quantities that we expect. In addition, when we begin to sell a new product, it may be difficult to establish supplier relationships, determine appropriate product selection, and accurately forecast demand. As we plan to continue to expand our product offerings, we expect to include more products in our inventory, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system.

If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory levels, which may lead to lower gross margins. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for products, or if our suppliers fail to supply quality products in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenues, any of which could harm our business and reputation. Any of the above may materially and adversely affect our results of operations and financial condition.

We are in the ramp-up stage of development with a relatively limited independent operating history, and our historical results of operations and financial performance are not indicative of future performance.

We experienced significant growth in revenue during the Track Record Period. Our total revenues increased by 52.1% from RMB6.8 billion in 2020 to RMB10.3 billion in 2021 and further increased by 36.6% to RMB14.1 billion in 2022.

Due to our limited independent operating history, our historical results of operations and financial performance may not be indicative of our future performance. In addition, we cannot assure you that we can continue to operate under our existing business model successfully. As the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve expected results and may have a material and adverse impact on our results of operations and financial condition. We expect our expenses to continue to increase in the future as we expand our business. Our expenses may grow faster than our revenue, and our expenses may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company in its ramp-up stage of development and operating in emerging and dynamic industries, including, among other factors, our ability to attract and retain customers, our ability to create value for participants in our ecosystem and increase monetization, our ability to navigate in the evolving regulatory environment, our ability to provide high-quality and satisfactory services and solutions, our ability to build up our reputation and promote our brand, and our ability to anticipate and adapt to changing market conditions. We may not

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be able to successfully address these risks and difficulties, which could significantly harm our business, results of operations and financial condition.

We incurred net losses and accumulated losses in the past and our profitability in the future may be affected by numerous factors beyond our control.

In 2020, 2021 and 2022, we recorded a net profit of RMB341.2 million, a net loss of RMB1.3 billion, and a net loss of RMB1.3 billion, respectively. The net losses recorded in 2021 and 2022 were primarily attributable to an increase in our share-based payment expenses in 2021 and a continuous increase in the fair value of our Series Pre-A Preference Shares, Series A Preference Shares and Series A-1 Preference Shares in 2021 and 2022 as a result of an increase in our equity value. Besides, we recorded accumulated losses of RMB1,084.0 million and RMB2,441.8 million as of December 31, 2021 and 2022, respectively.

Our costs and expenses will likely increase in the future as we expect to expand our technology infrastructure, enhance our industrial supply chain capabilities, develop and launch new product and service offerings, expand customer base in the existing market and penetrate into new markets, and continue to invest and innovate in our platform. Any of these efforts may incur significant capital investment and operating expenses, and result in fluctuations in financial condition. In addition, these efforts may be more costly than we expect and may not result in increased revenue or business growth as expected.

In addition, our ability to maintain or achieve profitability also depends on our ability to improve our market position and profile, enhance and expand our product and service offerings, maintain competitive pricing, improve our operational efficiency and obtain required financing at reasonable terms, which may be affected by numerous factors beyond our control. If we are unable to generate adequate revenue growth and manage our costs and expenses, we may not be able to maintain or achieve profitability or positive operating cash flow on a consistent basis, which may impact our business growth and adversely affect our financial condition and results of operations.

We have factoring arrangement with JD Technology, and any failure to obtain credit under the factoring arrangement could impact our liquidity.

Our key accounts constitute creditworthy corporate customers who make bulk purchases, resulting in trade receivables on our balance sheet. We have entered into a factoring arrangement with JD Technology, under which we sell the trade receivables from our customers (primarily key accounts) to JD Technology. Such arrangement enables us to receive early payments and deploy the capital elsewhere.

However, JD Technology has no obligation to purchase the full amount of trade receivable balances or unearned future contract amounts that we offer to sell, and there can be no assurance that JD Technology will continue to purchase trade receivables or unearned future contract amounts at the same levels as it has in the past. If JD Technology determines in its sole discretion to decrease the amount it advances under the factoring arrangement or to terminate the factoring agreement entirely and we are unable to obtain a replacement source of credit on substantially similar terms in a timely manner, or at all, it would impact our liquidity, which would likely have an adverse effect on our business, operating results, and financial condition.

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We have a large balance of goodwill and we may incur significant impairment charges which could materially impact our financial position.

We record goodwill primarily in connection with acquisitions. Our goodwill increased by 192.0% from RMB396.2 million as of December 31, 2020 to RMB1.2 billion as of December 31, 2021, primarily due to our acquisition of ICMALL in 2021. Our goodwill decreased by 63.9% from RMB1.2 billion as of December 31, 2021 to RMB417.8 million as of December 31, 2022, primarily due to our deconsolidation of ICMALL in 2022.

For the purposes of impairment review, the recoverable amount of goodwill is determined based on value-in-use calculations by using the discounted cash flow method. Our management leveraged their extensive experience in the industry and provided forecast based on past performance and expectation of future business plans and market developments. Our Directors determined impairment of goodwill directly related to ICMALL amounting to RMB254.3 million in 2022. We cannot assure you that there will be no such impairment losses in the future. In particular, the failure to generate financial results commensurate with our intangible assets or goodwill estimates may adversely affect the recoverability of such intangible assets or goodwill, and in turn result in impairment losses. As we carry a substantial balance of intangible assets and goodwill, any significant impairment losses charged against our intangible assets or goodwill could have a material adverse effect on our business, financial condition and results of operations.

We have granted, and may continue to grant, restricted share units and other types of awards under our Share Incentive Plan, which may result in increased share-based compensation expenses.

We have adopted a share incentive plan to provide additional incentives to employees, directors and consultants. We recorded an aggregate of RMB31.0 million, RMB788.7 million and RMB183.1 million for the years ended December 31, 2020, 2021 and 2022, respectively, in share-based compensation expenses. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Our results of operations, financial conditions and prospects have been adversely affected by fair value changes of financial liabilities, in particular, by fair value changes in our convertible preferred shares.

During the Track Record Period, we had outstanding convertible preferred shares, which were designated as financial liabilities at fair value through profits or losses. Their fair value is determined using valuation techniques. The assessment of fair value of our convertible preferred shares requires the use of unobservable inputs including discount rate, discount of lack of marketability and expected volatility. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could materially affect the fair value of our convertible preferred shares, which in turn may adversely affect our results of operations. In 2020, 2021 and 2022, we recognized net fair value losses in convertible preferred shares of RMB64.3 million, RMB918.2 million and RMB1,915.7 million, respectively. We expect continued fluctuation of the fair value of our convertible preferred shares will affect our financial performance until the [REDACTED], upon which all the convertible preferred shares will automatically convert into

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our Shares. After the automatic conversion of the convertible preferred shares into Shares upon the [REDACTED], we do not expect to recognize any further loss or gain on fair value changes from the convertible preferred shares in the future.

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

We have adopted shipping policies that do not necessarily pass the full cost of shipping on to our customers. We also have adopted customer-friendly return and exchange policies that make it convenient and easy for customers to change their minds after completing purchases. We may also be required by law to adopt new or amend existing return and exchange policies from time to time. We believe that these policies improve customers’ transaction experience and promote customer loyalty, which in turn help us acquire and retain customers. However, these policies may also subject us to additional costs and expenses which we may not recoup through increased revenue. Our ability to handle a large volume of returns is unproven. If our return and exchange policy is misused by a significant number of customers, our costs may increase significantly and our results of operations may be materially and adversely affected. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

Our pricing decisions may adversely affect our financial performance and our ability to attract new suppliers and customers and retain existing suppliers and customers.

We have changed our pricing model from time to time for products we sell and services we provide to our customers and expect to do so in the future. If our pricing model is not optimal, it may result in our products and services not being profitable or not gaining market share. As competitors introduce new products and services that compete with ours, we may be unable to attract new suppliers and customers at the same price or based on the same pricing models as we have used historically. Pricing decisions may also impact the mix of our products and services and negatively impact our overall revenue. As a result, in the future we may be required to reduce our selling prices, which could adversely affect our revenue, gross profit, profitability, financial position and cash flows.

Volatility in commodity prices and changes in energy costs and the cost of raw materials used in the products sold on our platform may adversely affect gross margins and our results of operations.

Some of the products sold on our platform contain significant amounts of commodity-priced materials and are subject to price changes based on fluctuations in the commodities market. The price of commodities has historically been subject to substantial volatility, which, among other things, could be driven by economic, monetary, political or weather-related factors. Fluctuations in the price of fuel or increased demand for freight services, including as a result of outbreaks of health epidemics, could affect transportation costs. Our ability to pass on such increases in costs in a timely manner depends on market conditions. The inability to pass along cost increases could result in lower gross margins. In addition, higher prices could reduce demand for these products, resulting in lower spending.

In addition, costs of raw materials used in the products sold on our platform and energy costs can fluctuate significantly over time. Increases in these costs result in increased production costs for our suppliers. These suppliers typically look to pass their increased costs along to us through price increases. While we typically try to modify our pricing or other activities to address the impact, we

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may not be successful, particularly if supplier prices or fuel costs rise rapidly. Failure to address any such increased prices and costs would have an adverse effect on our operating income. While increases in the cost of fuel or raw materials could be damaging to us, decreases in those costs, particularly if severe, could also adversely impact us by creating deflation in selling prices, which could cause our gross profit to decline, or by negatively impacting customers in certain industries, which could cause our sales to those customers to decline.

The industrial technology solutions market is an emerging and evolving market. If the industrial technology solutions market does not grow as we expect, or if we fail to adapt and respond effectively to rapidly changing and evolving customer needs, industry standards, technology development or regulations, our solutions may become less competitive.

The industrial technology solutions market is at an early stage of development. There are uncertainties over the size and rate at which this market will grow, as well as whether industrial technology solutions, like ours, will be widely adopted. Moreover, the industrial technology solutions market is subject to rapid technological change, evolving industry standards, changing regulations, as well as changing customer needs, requirements and preferences. The success of our industrial technology solutions will depend, in part, on our ability to adapt and respond effectively to these changes on a timely basis. If we are unable to develop new solutions that satisfy our customers and provide enhancements and new features for our existing solutions that keep pace with rapid technological and industry change, our business, results of operations and financial condition could be adversely affected. If new technologies emerge that are able to deliver competitive solutions at lower prices, more efficiently or more conveniently, such technologies could adversely impact our ability to compete effectively.

Our industrial technology solutions must also integrate with a variety of network, hardware, software platforms and technologies, and we need to continuously modify and enhance our products to adapt to changes and innovation. For example, if customers adopt new software platforms or infrastructure, we may be required to develop new versions of our industrial technology solutions to be compatible with those new software platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our industrial technology solutions to operate effectively with evolving or new software platforms and technologies could reduce the demand for our solutions. If we are unable to respond to these changes in a cost-effective manner, our industrial technology solutions may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

If we or other industrial technology solutions providers experience security incidents, loss of customer data, disruptions or other similar problems, the industrial technology solutions market as a whole, including us, may be negatively affected. If there is a reduction in demand caused by a lack of customer acceptance, technological challenges, weakening economic conditions, data security or privacy concerns, governmental regulation, competing technologies and products, or decreases in information technology spending or otherwise, either now or in the future, the market for our industrial technology solutions might not continue to develop or might develop more slowly than we expect, which would adversely affect our business, financial condition and results of operations.

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We face risks associated with having a long selling and implementation cycle for certain of our solutions and services that require us to make significant resource commitments prior to realizing revenues for those solutions and services.

We may experience a long selling cycle for certain of our solutions and services. Before potential customers commit to use our services, they require us to expend substantial time and resources educating them on the value of our services and our ability to meet their requirements. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our customers’ decision to select another service provider or in-house resources to perform the services, the timing of our customers’ budget cycles, and customer procurement and approval processes. If our sales cycle unexpectedly lengthens for one or more large projects, it could negatively affect the timing of our revenues and our revenue growth. Consequently, the unexpected length of project cycle will also increase our trade and note receivables and cause our receivable turnover days to increase, which will impede the sufficiency of our working capital. In certain cases, we may begin work and incur costs prior to executing a contract, which may cause fluctuations in recognizing revenues between periods or jeopardize our ability to collect payment.

Implementing our services may also involve a significant commitment of resources over an extended period of time from both our customers and us. Our current and future customers may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with potential customers despite devoting significant time and resources to them. Any significant failure to generate revenues or delays in recognizing revenues after incurring costs related to our sales or services processes could have a material adverse effect on our business.

The complex and innovative technologies we use for our industrial supply chain technology and service are new and require more time to prove their reliability and effectiveness.

We regard technology as critical to our ability to provide high-quality customer services. We have invested substantial resources in developing our complex and innovative technology systems that we use for our daily operations and to provide our industrial technology solutions and intelligent services. We expect these technologies to support the smooth performance of certain key functions in our transaction platform, such as searching for industrial products, making and matching orders online and finding suitable logistics information and warehousing. We also expect our technologies to facilitate our customers’ timely and accurate access of information relating to industrial product procurement service. We cannot assure you that the performance of our technologies will be stable enough to support these industrial technology services. In addition, as we have been upgrading our technology system, it will take time to finish this upgrade and solidify a reputation for reliability and effectiveness among our customers. To adapt to evolving and increasingly demanding customer requirements and emerging industry standards, we may need to develop other new technologies or to upgrade our platform, mobile applications and systems. If our efforts to invest in the development of new technologies are unsuccessful, our business, financial condition and results of operation may be materially and adversely affected.

In addition, the maintenance and processing of various operating and financial data are essential to the day-to-day operation of our business and formulation of our development strategies. Therefore, our business operations and growth prospects depend, in part, on our ability to maintain and make timely and cost-effective enhancements and upgrades to our technology and to introduce innovative additions which can meet changing operational needs. While continuing to invest in technology to enhance operational efficiency and reliability is one of our growth strategies, our current

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level of expenditure may not be sufficient to fully support our business operation and expansion needs. Failure to do so could cause economic losses and put us at a disadvantage to our competitors. There is no assurance that we will be able to keep up with technological improvements or that the technology developed by others will not render our services less competitive or attractive.

We are highly reliant on our technology infrastructure and platform in our business operations, and failure to continue to improve and effectively utilize our technology infrastructure and platform or fully monetize and realize the benefits from new technologies could harm our business operations, reputation and prospects.

Technology is critical to our industrial supply chain technology and service businesses. While we have been continuously enhancing our technology infrastructure, we may not be able to continue to improve our technology capabilities and develop new technologies to meet the future needs of our business. If we are unable to maintain, improve and effectively utilize our technologies or to realize the expected results from our R&D investment, our business, financial condition, results of operations and prospects, as well as our reputation, could be materially and adversely affected. Any problem with the functionality and effectiveness of our software or platforms could also result in unanticipated system disruptions, slower response times, delays in reporting accurate operating and financial information among other things. In addition, enhancing our technology infrastructure requires significant investment of time and financial and managerial resources, including recruiting and training new technology personnel, adding new hardware and updating software and strengthening research and development. If our technology investments are unsuccessful, our business could suffer and we may be unable to recover the resources we commit to such initiatives.

In addition, to keep pace with changing technologies and customer demand, we must correctly interpret and address market trends and enhance the features and functionality of our technology infrastructure and platform in response to these trends, which may lead to significant ongoing research and development costs. We may be unable to accurately determine the needs of our customers and the trends in industrial supply chain technology and service market or to design and implement the appropriate features and functionality of our technology infrastructure and platform in a timely and cost-effective manner, which could result in decreased demand for our solutions and services and a corresponding negative impact on our financial performance. We may be unable to detect defects in existing or new versions of our proprietary technologies, or errors may arise in our technologies. Any failure to identify and address such defects or errors could result in loss of revenue or market share, liability to customers or others, diversion of resources, damage to our reputation, and increased service and maintenance costs. Correction of such errors could prove to be very costly, and responding to resulting claims or liability could similarly involve substantial cost.

Moreover, we may not be able to fully monetize and realize the benefits of the technology capabilities we develop. First, our technology capabilities may not be commercially viable for an indefinite amount of time or at all, or may not result in adequate return of capital on our investments. Second, unidentified issues may not be discovered in the development stage of our new technologies, which could cause us to fail to realize the anticipated benefits and incur unanticipated costs. If our technologies suffer unanticipated or atypical failures that were not anticipated in the design stage, our cost may materially increase, which may adversely impact our operating results. Third, to the extent that our customers decide not to accept our upgraded technology capabilities until there is more performance history for our upgraded technology capabilities, our operating results may be adversely impacted.

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

The industrial supply chain technology and service market we operate in is large, fragmented and evolving rapidly. Our current or potential competitors may include companies who are able to gain similar or greater market presence, with broader and deeper market coverage, a larger customer base, brand recognition, and financial, marketing, technological, and other resources. If we cannot equip ourselves with necessary resources, technologies, insights and infrastructure, we may lose market share as competition increases. In contrast, our competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or customer requirements than we do and may have the ability to initiate or withstand significant regulatory changes and industry evolution. Furthermore, when we expand into other markets, we will face competition from new competitors, domestic or foreign, who may also enter markets where we currently operate or will operate in.

Any significant increase in competition may have a material adverse effect on our revenue and profitability as well as on our business and prospects. In response to intense competition, we may decrease our sales prices, introduce new products and services, adjust our existing product and service mix, or adjust our business operations in general to maintain our growth and profitability, which may incur considerable costs with no obvious improvement in our operations or our financial results. 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 industrial supply chain technology and service market, 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.

New partnerships and strategic alliances in the industrial supply chain technology and service market also can alter market dynamics and adversely impact our competitive positioning. In addition, our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience a decline in growth that could adversely affect our business, financial condition and results of operations. Any of the above could adversely affect our results of operations and market share.

We may fail to successfully enter into necessary or desirable strategic alliances or make acquisitions or investments, and we may not be able to achieve the anticipated benefits from these alliances, acquisitions or investments we make.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. We have in the past invested in or acquired businesses that are complementary to our existing business. Investments or acquisitions involve numerous risks, including potential failure to achieve the expected benefits of the integration or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; potential write-offs of acquired assets or investments; and downward effect on our operating results. For associated risks, see also “—We have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial position.” These transactions will also divert the management’s time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses. We may also in the future enter into strategic alliances with various third parties. Strategic alliances with third

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parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

In addition, if we do not successfully execute or effectively operate, integrate, leverage and grow acquired businesses, our financial results and reputation may suffer. Our strategy for long-term growth, productivity and profitability depends in part on our ability to make prudent strategic investment or acquisition decisions and to realize the benefits we expect when we make those investments or acquisitions. While we expect our past and future acquisitions to enhance our value proposition to customers and improve our long-term profitability, there can be no assurance that we will realize our expectations within the time frame we envisage, if at all, or that we can continue to support the value we allocate to these acquired businesses, including their goodwill or other intangible assets.

We may require additional financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We may require additional financing if we incur operating losses or for future growth and development of our business, including any investments or acquisitions we may decide to pursue. If our financing are insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including our future financial condition, results of operations, cash flows, share price performance, liquidity of international capital and lending markets and PRC regulations over foreign investment and the industry we operate in. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity as well as have a material adverse effect on our business, financial condition and results of operations. Moreover, any issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

Our business and results of operations are subject to seasonal fluctuations and unexpected interruptions.

We experience seasonality in our business, primarily because of seasonal fluctuations in customer procurement demand. Given seasonal concentration of industrial activities and Chinese industrial enterprises’ general procurement pattern, our customers’ demand in the procurement of industrial products are higher in the third and fourth quarters of each calendar year than in the first and second quarters. We expect the impact of seasonality on our business to continue in the future. However, due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. Fluctuations due to seasonality may materially and adversely affect the predictability of our results of operations.

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Any lack of requisite approvals, licenses, permits or filing applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

We are required to hold a number of licenses and permits in connection with our business operation, including, among others, the Value-Added Telecommunication License. Value-added telecommunication business operating licenses for provision of internet information services and online data processing and transaction processing services are essential to the operation of our business in China. We cannot assure you that we can successfully obtain, update or renew the licenses, permits or filings required for our business in a timely manner or that these licenses, permits or filings are sufficient for us to conduct all of our present or future business.

During the Track Record Period, we have not been subject to material penalties or other material disciplinary action from the relevant governmental authorities regarding the conducting of our business without the requisite approvals, licenses, permits and filing. However, we cannot assure you that the relevant governmental authorities would not require us to obtain the approvals, certificates or permits, complete filings or take any other actions retrospectively in the future. If the relevant governmental authorities require us to obtain the approvals, licenses or permits, or to complete filings, we cannot assure you that we will be able to do so in a timely manner or at all.

New laws and regulations may be enforced from time to time to require additional licenses and permits other than those we currently have or provide additional requirements on the operation of our business. If the relevant governmental authorities promulgate new laws and regulations that require additional approvals or licenses or provide additional requirements on the operation of any part of our business and we are not able to obtain such approvals, licenses, permits or filings or adjust our business model to comply with such new laws and regulations in a timely manner, we could be subject to penalties and operational disruption and our financial condition and results of operations could be adversely affected.

Our business generates and processes a large amount of data, including business and personal data, and any improper collection, hosting, use or disclosure of data could harm our reputation and have a material adverse effect on our business and prospects.

Our business generates and processes a large quantity of customer, supplier and merchant data, some of which may be personal data. Our privacy policies concerning the collection, use and disclosure of personal data are posted on our platform. We face risks inherent to handling and protecting a large volume of data. In particular, we face a number of challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or business partners,
- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived sharing (including sharing among our own businesses, with business partners or regulators), safety, security and other factors that may arise from our existing businesses or new businesses and technology, such as new forms of data (for example, biometric data, location information and other demographic information), and

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- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects and compliance requirements in accordance with applicable laws and regulations.

The improper collection, use or disclosure of data could result in a loss of our customers, loss of confidence or trust in us, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have a material adverse effect on the [REDACTED] of our Shares, our business, financial condition, results of operations and prospects.

Any failure to maintain the satisfactory performance of our technology systems and resulting interruptions in the availability of our websites, applications, or services could adversely affect our business, results of operations and prospects.

The satisfactory performance, reliability and availability of our technology platform are critical to our success. We have developed a technology platform that enables us to deliver services with simplicity, convenience, speed and reliability. These integrated systems support the smooth performance of certain key functions of our business. However, our technology platform or infrastructure may not function properly at all times. We may be unable to monitor and ensure high-quality maintenance and upgrade of our platform and technology infrastructure, and our customers may experience service outages and delays in accessing and using our platforms as we seek to source additional capacity. In addition, we may experience surges in online traffic and orders associated with promotional activities as we scale, which can put additional demand on our platform at specific times. Any disruption to our technology platform and causing interruptions to our website, applications, platform or services could adversely affect our business and results of operations.

Our technology systems may also experience telecommunications failures, computer viruses, failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, user errors, or other attempts to harm our technology systems, which may result in the unavailability or slowdown of our technology platform or certain functions, delays or errors in transaction processing, loss of data, inability to accept and fulfill orders, reduced transaction volume and the attractiveness of our platform. Further, hackers, acting individually or in coordinated groups, may also launch distributed denial-of-service attacks or other coordinated attacks that may cause service outages or other interruptions in our business. Any of such occurrences could cause severe disruption to our daily operations. If we cannot successfully execute system maintenance and repair, our business and results of operations could be adversely affected and we could be subject to liability claims.

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Security breaches and attacks against our system and network, and any potential resultant breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

We rely heavily on technology to provide high-quality industrial supply chain technology and services. However, our technology operations are vulnerable to disruptions arising from human error, natural disasters, power failure, computer viruses, spam attacks, unauthorized access and other similar events. Disruptions to, or instability of, our technology or external technology that supports the offering of our services and solutions could materially harm our business and reputation.

Although we have employed significant resources to develop security measures against breaches, our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks. During the Track Record Period and up to the Latest Practicable Date, we were not subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

In addition, we may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Cyber-attacks may target us, our customers and business partners, or the information and technology infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

We or our directors or senior management 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.

Our business operations entail substantial litigation and regulatory risks, including, among others, the risk of lawsuits and other legal actions relating to commercial disputes, fraud and misconduct, control procedures deficiencies, labor disputes, accidents, personal injuries, property damages, as well as the protection of personal and confidential information of our customers, business partners and others. We may be subject to claims and lawsuits in the ordinary course of our business. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects. Our directors, management and employees may from time to

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time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability in relation to commercial, labor, employment, securities or other matters, whether or not related to our business. These matters could affect their ability or willingness to continue to serve our Company or dedicate their efforts to our Company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition.

As our industrial supply chain technology and service business expands we may encounter a variety of these claims, including those brought against us pursuant to anti-monopoly or unfair competitions laws or involving higher amounts of alleged damages. Laws, rules and regulations may vary in their scope and overseas laws and regulations may impose requirements that are more stringent than, or which conflict with, those in China. We may acquire companies that may become subject to litigation, as well as regulatory proceedings. In addition, in connection with litigation or regulatory proceedings we may be subject to in various jurisdictions, we may be prohibited by laws, regulations or government authorities in one jurisdiction from complying with subpoenas, orders or other requests from courts or regulators of other jurisdictions, including those relating to data held in or with respect to persons in these jurisdictions. Our failure or inability to comply with the subpoenas, orders or requests could subject us to fines, penalties or other legal liability, which could have a material adverse effect on our reputation, business, results of operations.

We may be the subject of anti-competitive, harassing, unethical, or other detrimental conduct by third parties including complaints to regulatory agencies, negative blog postings, and the public dissemination of malicious assessments of our business that could harm our reputation and cause us to lose market share, customers and revenues and adversely affect the price of our Shares.

We may be the target of anti-competitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand name and our business may be harmed by aggressive marketing and communications strategies of our competitors. PRC laws and regulations also prohibit agreements and activities which amount to unfair business competition and an abuse of a dominant market position. We cannot assure you that we will not, in the future, be subject to such unfair business competition or dominant market position abuse imposed by third parties. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted on social media posts, internet forum or chat-rooms or blogs or websites by anyone, whether or not related to us, on an anonymous basis. Customers sometimes value readily available information concerning product and service providers and often act on such information without further investigation or authentication and without regard to its accuracy. The availability of information on social media platforms and devices is virtually immediate, as is its impact. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues and adversely affect the price of our Shares.

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We are subject to changing laws and regulations regarding corporate governance and public disclosure that have increased both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, the Stock Exchange, which together with the SFC is charged with the protection of investors and the oversight of companies whose securities are publicly traded, the various regulatory authorities in China, Hong Kong and the Cayman Islands, and to new and evolving regulatory measures under applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, because these laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalty and our business may be harmed.

Failure to comply with PRC laws and regulations by us or our strategic partners may materially and adversely impact our business, reputation, financial condition and results of operations.

Our business is subject to governmental supervision and regulation by the relevant PRC governmental authorities, including but not limited to the MIIT, the SAMR, the MOFCOM and the CAC. Together, these governmental authorities promulgate and enforce regulations that cover many aspects of our day-to-day operations, and we may fail to fully comply with certain of these regulations. See also “Regulations.” Noncompliance with applicable laws, regulations and policies by us may materially and adversely impact our business, reputation, financial condition and results of operations.

Existing and new laws and regulations may be enforced from time to time and substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to us. If the PRC government requires additional approvals or licenses, imposes additional restrictions on our operations, or tightens enforcements of existing or new laws or regulations, it has the authority, among other things, to levy fines, confiscate income, revoke business licenses, and require us to discontinue relevant business operations.

The accounting treatment we used to present our financial information is different from the approach adopted in some of the previous [REDACTED] Hong Kong [REDACTED].

In preparing and presenting our financial information during the Track Record Period, we adopted a “carve-out” approach in accordance with the “Carve Outs” section in Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKSIR 200”). As disclosed in Note 1.2 to the Accountants’ Report in Appendix I, our financial information has been prepared as if our business had been operated by our Company throughout the Track Record Period. As opposed to the approach adopted in some of the previous [REDACTED] Hong Kong [REDACTED], we did not recognize the financial assets and financial liabilities of the Remaining Listing Business (as defined under “Financial Information—Basis of Presentation”), including trade receivables, trade payables, other financial assets and financial liabilities, in our combined statements of financial position. There are a few reasons for this difference

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in financial treatment. First, we were not legally entitled to collect or obligated to pay for the transactions in relation to the Remaining Listing Business operated by JD Group; instead, JD Group had such rights and obligations. Second, we did not maintain separate bank accounts in relation to the Remaining Listing Business since the treasury and cash disbursement functions of the Remaining Listing Business were centrally administrated under JD Group and the net cash flows generated by the Remaining Listing Business were kept in the bank accounts of JD Group. Third, we did not enter into any separation agreements with JD Group.

Although we endeavor to make as clear as possible the rationale behind the approach we have taken in preparing and presenting our financial information, there is no assurance that our approach will be as informative to the [REDACTED] as the approach that has been adopted by some of the previous [REDACTED] Hong Kong [REDACTED], which may impact their [REDACTED] decision in our Shares.

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, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our 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.

According to the applicable administrative laws relating to intellectual property, it may take months or even years to register, maintain and enforce intellectual property rights in China. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We cannot assure you that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

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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 may be subject to legal proceedings and claims relating to the intellectual property rights of others from time to time. In addition, there may be other third-party intellectual property that is infringed by our solutions or services, the products provided by third-party merchants on our marketplace, or other aspects of 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 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 the 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. Finally, we use open source software in connection with our solutions and services. Companies that incorporate open source software into their solutions and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses may require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, results of operations and financial condition.

Our success depends on the continuing efforts of our key employees and senior management. If we fail to recruit, retain and motivate our key employees, or maintain our corporate culture as we grow, we could lose the innovation, collaboration and focus that contribute to our business.

Our future success is significantly dependent upon the continued service of our key employees and senior management. If we lose the services of our key employees and senior management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new employees, which could severely disrupt our business and growth. Competition for talent in China’s industrial supply chain technology and service market is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Furthermore, if any of our senior management joins a competitor or forms a competing company, we may lose a significant number of our existing customers and potentially lose our substantial research and development achievements, and face more intense competition, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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Even if we were to offer higher compensation and other benefits such as share-based incentives, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and personnel could severely disrupt our business and growth. We also commit significant time and other resources to training our employees, which increases their value to competitors if they subsequently leave us for them.

Failure to deal effectively with any fictitious transactions or other fraudulent conduct would materially and adversely affect our business, financial condition and results of operations.

We may face risks with respect to fraudulent activities on our e-commerce marketplace. Although we have implemented various measures to detect and reduce the occurrence of fraudulent activities on our marketplace, there can be no assurance that such measures will be effective in combating fraudulent transactions or improving overall satisfaction among the marketplace participants. In addition to fraudulent transactions, merchants may also engage in fictitious or “phantom” transactions with themselves or collaborators in order to artificially inflate their own ratings on our e-commerce marketplace, reputation and search results rankings. This activity may harm other merchants by enabling the perpetrating merchant to be favored over legitimate merchants, and may harm other parties by deceiving them into believing that a merchant is more reliable or trusted than the merchant actually is. This activity may also result in inflated transaction volume from our e-commerce marketplace. Moreover, illegal, fraudulent or collusive activities by our employees, such as fraud, bribery or corruption, could also subject us to liability or negative publicity or cause losses. We cannot assure you that our internal controls and policies will prevent fraud or illegal activity by our employees. Negative publicity and sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on our platform or by our employees would severely diminish confidence in us, reduce our ability to attract new or retain current marketplace participants, damage our reputation and diminish the value of our brand names, and materially and adversely affect our business, financial condition and results of operations.

If we are unable to conduct our sales and marketing activities cost-effectively, our results of operations and financial condition may be materially and adversely affected.

We have incurred significant expenses on a variety of different sales, marketing and brand promotion efforts designed to increase our customer bases, especially our key accounts, as well as to further build up our brand recognition. Such efforts may not be well received by customers and may not result in the levels of product sales and transaction volumes that we anticipate. Sales and marketing approaches and tools in our market are still evolving. This further requires us to enhance our approaches and experiment with new methods to keep pace with industry developments and customer preferences. Failure to refine our existing sales and marketing approaches or to introduce new sale and marketing approaches in a cost-effective manner could reduce our market share, cause our net revenues to decline and negatively impact our profitability.

Failure for us, our employees, affiliates and business partners such as suppliers to comply with anti-corruption laws and regulations and our anti-corruption policies and procedures could severely damage our reputation, and materially and adversely affect our business, financial condition, results of operations and prospects.

We are subject to risks in relation to actions taken by us, our employees, affiliates and business partners that constitute violations of the anti-corruption laws and regulations. While we have adopted

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anti-corruption policies and strict internal procedures and work closely with relevant government agencies to ensure compliance with relevant policies, laws and regulations, our efforts may not be sufficient to ensure that we, our employees, affiliates and business partners comply with relevant policies, laws and regulations at all times. If we, our employees, affiliates and business partners violate these policies, laws, rules or regulations, we could be subject to fines and/or other penalties and our reputation, corporate image and business operations may be materially and adversely affected. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our interpretation or to adopt additional anti-bribery or anti-corruption related regulations could also require us to make changes to our operations. Our reputation, corporate image, and business operations may be materially and adversely affected if we fail to comply with these measures or become the target of any negative publicity as a result of actions taken by us, our employees, affiliates and business partners, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

If our risk management system is not adequate or effective, and if it fails to detect potential risks in our business as intended, our business, financial condition and results of operations could be materially and adversely affected.

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, such as our industrial technology solutions to help customers efficiently manage procurement life-cycle, energy consumption and carbon emissions, and maintenance and repair, 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 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.

If we fail to maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results, meet our reporting obligations or prevent fraud.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely

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affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to adapt to or comply with the evolving expectations and standards on environmental, social and governance matters from investors and the PRC government may adversely affect our business, financial condition and results of operation.

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance (“ESG”) issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company’s ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the [REDACTED] of our Shares could be materially and adversely effected.

Our insurance coverage may not be adequate, which could expose us to significant costs and business disruptions.

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks and liabilities. We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. However, as the insurance industry in China is still evolving, insurance companies in China currently offer limited business-related insurance products. We do not maintain business interruption insurance, nor do we maintain key-man insurance. 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, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We face risks related to severe weather conditions and other natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been breakouts of epidemics in China and globally. In early 2020, the COVID-19 pandemic resulted in temporary closure of many corporate offices, manufacturing facilities and factories across China, and disturbed product logistics and delivery. These restrictions led to a decrease in demand and

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supply for industrial products and higher fulfillment expenses. As COVID-19 became gradually contained and business activities gradually resumed in China later in 2020 and 2021, our business operations across China and market demand and supply for industrial products gradually recovered. In 2022, there were sporadic COVID-19 outbreaks in China due to the Delta and Omicron variants. The associated travel restrictions, quarantines, and other measures in various regions of China constrained the demand and supply for industrial products and disturbed logistics, which in turn adversely affected our growth and results of operations. China continuously optimized and adjusted COVID-19 prevention and control measures with the aim of protecting health, and lifted most of the travel restrictions and quarantine requirements in December 2022. There were significant surges of COVID-19 cases in many cities in China around this time, which adversely affected our operations and financial performance in the fourth quarter of 2022. On January 8, 2023, China downgraded the management of COVID-19 from Class A to Class B. There remains uncertainty as to the future impact of the virus. The extent to which the pandemic impacts our results of operations going forward will depend on future developments, including the frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. Our customers and suppliers will need time to recover from the economic effects of the pandemic.

We are also vulnerable to natural disasters and other calamities. Our servers and back-end systems are primarily hosted and maintained at cloud servers that are not operated by us. We cannot assure you that we will have adequate measures to protect ourselves from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events. Any of the foregoing events may give rise to server interruptions, breakdowns, system failures, technology infrastructure failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide industrial technology solutions and services.

Any deficiencies in China’s fixed telecommunications networks and internet infrastructure, as well as mobile operating systems and networks, could impair the functioning of our technology system and the operation of our business.

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China. Substantially all of our computer hardware and cloud computing services are currently located in China. Access to internet in China is maintained through telecommunications carriers under administrative control and regulatory supervision, and we obtain access to end-user networks operated by such telecommunications carriers to give customers access to our platform. We may not have access to alternative networks in the event of disruptions, failures or other problems with the telecommunication and internet infrastructure in China. The failure of telecommunication and internet network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our technology platform. Any of such occurrences could delay or prevent our customers from accessing our online website and mobile applications, and frequent interruptions could frustrate customers and discourage them from using our services, which could cause us to lose customers and harm our results of operations. In addition, we have limited control over the service fees charged by telecommunication and internet operators. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected.

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Risks Related to Our Corporate Structure

If the PRC government deems that the contractual arrangements in relation to our consolidated affiliated entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership of our internet information provision business is subject to restrictions under current PRC laws and regulations. Foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service (excluding e-commerce, domestic multi-party communications, data collection and transmission services and call centers).

We are a Cayman Islands exempted company and our PRC subsidiaries wholly owned by us are considered wholly foreign owned enterprises. Accordingly, none of these subsidiaries are eligible to operate value-added telecommunications business or certain other restricted services in China. As a result, we will conduct such business activities through our Onshore Holdco and its subsidiaries in PRC.

We have entered into a series of contractual arrangements with the Onshore Holdco and its shareholders, which enable us to:

- exercise effective control over the Onshore Holdco;
- receive substantially all of the economic benefits of the Onshore Holdco; and
- have an exclusive option to purchase all or part of the equity interests in the Onshore Holdco when and to the extent permitted by PRC law.

Because of these contractual arrangements, we are the primary beneficiary of our consolidated affiliated entities, including Onshore Holdco, and hence consolidate their financial results as our consolidated affiliated entities. For a detailed discussion of these contractual arrangements, see “History, Reorganization and Corporate Structure.”

In the opinion of Shihui Partners, our PRC Legal Adviser, (i) the ownership structures of our consolidated affiliated entities in China, including Onshore Holdco, and the PRC subsidiaries wholly owned by us that have entered into contractual arrangements with the Onshore Holdco, comply with all existing PRC laws and regulations; and (ii) the contractual arrangements between our PRC subsidiaries and our Onshore Holdco and its shareholders governed by PRC law are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect. However, our PRC Legal Adviser has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules; accordingly, the PRC regulatory authorities may take a view that is contrary to the opinion of our PRC Legal Adviser. It is uncertain whether any other new PRC laws or regulations relating to consolidated affiliated entity structures will be adopted or if adopted, what they would provide. If we or our consolidated affiliated entities are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion to take action in dealing with such violations or failures, including:

- revoking the business licenses of such entity;
- discontinuing or restricting the conduct of any transactions between certain of our PRC subsidiaries and consolidated affiliated entities;

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- imposing fines, confiscating the income from our consolidated affiliated entities, or imposing other requirements with which we or our consolidated affiliated entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our consolidated affiliated entities and deregistering the equity pledges of our consolidated affiliated entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our consolidated affiliated entities;
- restricting or prohibiting our use of the proceeds of any of our financing outside China to finance our business and operations in China; or
- taking other regulatory or enforcement actions that could be harmful to our business.

The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business. In addition, it is unclear what impact the PRC government actions would have on us and on our ability to consolidate the financial results of our consolidated affiliated entities in our combined financial statements, if the PRC government authorities were to find our legal structure and contractual arrangements to be in violation of PRC laws and regulations. If the imposition of any of these government actions causes us to lose our right to direct the activities of our consolidated affiliated entities or our right to receive substantially all the economic benefits and residual returns from our consolidated affiliated entities and we are unable to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of our consolidated affiliated entities in our combined financial statements. Either of these results, or any other significant penalties that might be imposed on us in this event, would have a material adverse effect on our financial condition and results of operations.

We rely on contractual arrangements with the Onshore Holdco and its shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with the Onshore Holdco and its shareholders to operate part of our services. For a description of these contractual arrangements, see “Contractual Arrangements.” These contractual arrangements may not be as effective as direct ownership in providing us with control over our consolidated affiliated entities.

If we had direct ownership of the Onshore Holdco, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of such entity, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by the Onshore Holdco and its shareholders of their obligations under the contracts to exercise control over our consolidated affiliated entities. However, the shareholders of the Onshore Holdco may not act in the best interests of our Company or may not perform its obligations under these contracts. Such risks exist throughout the period in which we intend to operate our business through the contractual arrangements with the Onshore Holdco. We may replace the shareholders of our consolidated affiliated entities at any time pursuant to our contractual arrangements with the Onshore Holdco and its shareholders. However, if any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and courts and therefore will be subject to uncertainties in the PRC legal system. See also “—Any failure by the Onshore Holdco or its

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shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.” Therefore, our contractual arrangements with our consolidated affiliated entities may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

Any failure by the Onshore Holdco or its shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If the Onshore Holdco or its shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. For example, if the shareholders of the Onshore Holdco were to refuse to transfer their equity interest in the Onshore Holdco to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such contractual arrangements. As a result, our ability to enforce these contractual arrangements is uncertain. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

Our consolidated affiliated entities hold certain of our important licenses and permits, including Value-Added Telecommunications License to operate our business. In the event we are unable to enforce our contractual arrangements, we may not be able to exert effective control over our consolidated affiliated entities, and our ability to conduct these businesses may be negatively affected, which may have a material and adverse effect on our financial condition and results of operations.

The shareholders of the Onshore Holdco may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Qin Miao (繆欽), Ms. Yayun Li (李婭雲) and Ms. Pang Zhang (張雱) are the shareholders of the Onshore Holdco, and Mr. Qin Miao (繆欽), Ms. Yayun Li (李婭雲) and Ms. Pang Zhang (張雱) hold positions with JD Group or its associates. The shareholders of the Onshore Holdco may have potential conflicts of interest with us. These shareholders may breach, or cause the Onshore Holdco to breach, or refuse to renew, the existing contractual arrangements we have with them and the Onshore Holdco, which would have a material and adverse effect on our ability to effectively control our consolidated affiliated entities and receive substantially all the economic benefits from them. For example, the shareholders may be able to cause our agreements with the Onshore Holdco to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest

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arise, any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our Company. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the Onshore Holdco, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

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 Cayman Islands holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If any of these PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require our wholly foreign-owned subsidiaries in China or any other relevant PRC subsidiary to adjust its taxable income under the contractual arrangements it currently has in place with our consolidated affiliated entities in a manner that would materially and adversely affect its ability to pay dividends and other distributions to us. See “—Contractual arrangements in relation to our consolidated affiliated entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our consolidated affiliated entities owe additional taxes, which could negatively affect our financial condition and the value of your investment.”

Under PRC laws and regulations, our wholly foreign-owned subsidiaries in China may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a PRC enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, a foreign-owned enterprise may allocate a portion of its after-tax profits based on PRC accounting standards to an enterprise expansion fund, or a staff welfare and bonus fund.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See also “—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.”

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PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from making loans to our PRC subsidiaries and consolidated affiliated entities or making additional capital contributions to our wholly foreign-owned subsidiaries in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and consolidated affiliated entities. We may make loans to our PRC subsidiaries and consolidated affiliated entities subject to the approval from governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China.

Any loans to our wholly foreign-owned subsidiaries in China, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits, i.e., the difference between its total amount of investment and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio or the Macro-prudential Management Mode, under relevant PRC laws and the loans must be registered with the local counterpart of the State Administration of Foreign Exchange, or SAFE, or filed with SAFE in its information system. We may also provide loans to our consolidated affiliated entities or other domestic PRC entities under the Macro-prudential Management Mode. Moreover, any medium or long-term loan to be provided by us to our consolidated affiliated entities or other PRC entities must also be registered with the NDRC and SAFE or its local branches.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. The Circular Regarding Further Optimizing the Cross-border RMB Policy to Support the Stabilization of Foreign Trade and Foreign Investment jointly promulgated by the PBOC, NDRC, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission of the State Council, the China Banking and Insurance Regulatory Commission and SAFE on December 31, 2020 and effective on February 4, 2021 allows the non-investment foreign-invested enterprises to make domestic reinvestment with RMB capital in accordance with the law on the premise that they comply with prevailing regulations and the invested projects in China are authentic and compliant. In addition, if a foreign-invested enterprise uses RMB income under capital accounts to conduct domestic reinvestment, the invested enterprise is not required to open a special deposit account for RMB capital.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to the subsidiaries of our wholly foreign-owned

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subsidiaries in China and our consolidated affiliated entities, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our consolidated affiliated entities by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our consolidated affiliated entities.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or record-filings on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or consolidated affiliated entities or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or consolidated affiliated entities when needed. If we fail to complete such registrations or record-filings, our ability to use foreign currency, including the [REDACTED] we received from our [REDACTED], and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Contractual arrangements in relation to our consolidated affiliated entities may be subject to scrutiny by the PRC tax authorities and they may determine that we or our consolidated affiliated entities owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable PRC laws and regulations, transactions among related parties may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities deem the transactions between the PRC subsidiaries and our consolidated affiliated entities in China, and their respective shareholders were not entered into on an arm’s-length basis and resulted in deferral or underpayment in taxes, they are entitled to make special tax adjustments which might result in the increase of the consolidated affiliated entities’ tax liabilities. If the tax authorities conduct special tax adjustments, they might impose interest charges for the underpaid taxes. Our financial position could be adversely affected if our consolidated affiliated entities’ tax liabilities increase or if they are required to pay interest charge.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the National People’s Congress promulgated the Foreign Investment Law or the FIL, which became effective on January 1, 2020 and replaced the outgoing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, as well as their implementation rules and ancillary regulations, or the Outgoing FIE Laws. See “Regulations—Regulations Relating to Foreign Investment.”

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the FIL. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of consolidated affiliated entity contractual arrangements and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of “foreign investment” that includes

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investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our consolidated affiliated entities through contractual arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of our operations through contractual arrangements is classified in the “restricted” or “prohibited” industry in the future “negative list” under the FIL, our contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind the contractual arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in such transition period. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

Risks Related to Doing 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.

Substantially all 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.

While the Chinese economy has experienced significant growth over the past decades, there can be no assurance that the growth would be maintained or equitable across sectors. The Chinese government has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy, but may not have the same effect on us.

In addition, the global economic, political and social conditions are evolving rapidly and subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. 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. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures are expected to have significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be

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required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

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, covering, among others and in addition to specific industry-related regulations, the following aspects: (i) consumer protection and product liability; (ii) cybersecurity, data security and protection of personal information; (iii) security laws and regulations; (iv) establishment of or changes in shareholder of foreign investment enterprises; (v) foreign exchange; (vi) taxes, duties and fees; and (vii) online trading.

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. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. 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.

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

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

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (關於依法從嚴打擊證券違法活動的意見), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the “Trial Measures”) and five supporting guidelines, which will come into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC.

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For more details, see “Regulations—Regulations on M&A Rules and Overseas Listing”. We are required to file with the CSRC in accordance with the Trial Measures after our application for [REDACTED] is submitted, and there is uncertainty as to whether we will be able to complete the filing. If we could not complete such filing procedure, we will suspend or terminate our application for [REDACTED].

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

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

Our business is subject to complex and evolving Chinese and international laws and regulations regarding data privacy and cybersecurity. Failure to protect confidential information of our customers and network against security breaches could damage our reputation and brand and substantially harm our business and results of operations.

A significant challenge to the online business is the secure storage of confidential information and its secure transmission over public networks. Maintaining complete security for the storage and transmission of confidential information on our platform is essential to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards.

We have adopted security policies and measures, including encryption technology, to protect our proprietary data and customer information. However, advances in technology, the expertise of hackers, improper use or sharing of data, new discoveries in the field of cryptography or other events or developments could result in a compromise or breach of the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold as a result of our customers’ visits to our websites and use of our mobile apps. Such individuals or entities obtaining our customers’ confidential or private information may further engage in various other illegal activities using such information. In addition, we have limited control or influence over the security policies or measures adopted by business partners including strategic partners or third-party providers of online payment services through which some of our customers may choose to make payment for purchases. The third-party couriers we use may also violate their confidentiality obligations and disclose or use information about our customers illegally. Any negative publicity on our platform’s safety or privacy protection mechanisms and policies, and any claims asserted against us or fines imposed upon us as a result of actual or perceived failures, could have a material and adverse effect on our public image, reputation, financial condition and results of operations. If we give third parties greater access to our platform in the future as part of providing more technology services to third-party merchants and others, it may become more

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challenging for us to ensure the security of our systems. Any compromise of our information security or the information security measures of our third-party couriers or third-party online payment service providers or other business partners could have a material and adverse effect on our reputation, business, prospects, financial condition and results of operations. Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the internet and mobile platforms are under increased public scrutiny.

Regulatory authorities have implemented and are considering further legislative and regulatory proposals concerning data security and privacy. New laws and regulations that govern new areas of data security and privacy or impose more stringent requirements may be introduced in the PRC and other jurisdictions where we conduct business or may expand into. In addition, the interpretation and application of data security and privacy laws are often uncertain and in flux. Existing or newly introduced laws and regulations, or their interpretation, application or enforcement, could have the potential to significantly affect the value of our data and require us to change our data security and privacy practices and other business activities.

To the extent necessary for our business, we collect, store and handle personal data for the stated purpose authorized by our customers. As such, we are subject to a variety of PRC laws and other obligations relating to the security and privacy of data, including, among others, (i) PRC Personal Information Protection Law (中華人民共和國個人信息保護法), or the PIPL, (ii) PRC Data Security Law (中華人民共和國數據安全法), or the Data Security Law, (iii) PRC Cybersecurity Law (中華人民共和國網絡安全法), or the Cybersecurity Law, and (iv) the Measures for Cybersecurity Review (網絡安全審查辦法). See “Regulations— Regulations on Cybersecurity, Data Security and Protection of Personal Information” for details.

As the regulations regarding data privacy and cybersecurity are quickly evolving in China, we may become subject to new laws and regulations applying to data security and privacy. For example, on November 14, 2021, the CAC published the consultation draft of its Cyber Data Security Administration Regulations (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Administration Regulations**”). The Draft Administration Regulations provides that data processors refer to individuals or organizations that autonomously determine the purpose and the manner of processing data. In accordance with the Draft Administration Regulations, data processors shall apply for a cybersecurity review for certain activities. There is no timetable as to when the Draft Administration Regulations will be enacted. We cannot predict the impact of the Draft Administration Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. In addition to the cybersecurity review, the Draft Administration Regulations requires that data processors processing “important data” or listed overseas shall conduct an annual data security assessment by itself or commission a data security service provider to do so, and submit the assessment report of the preceding year to the municipal cybersecurity department by the end of January each year. As advised by our PRC Legal Adviser, if a final version of the Draft Administration Regulations is adopted, we may be subject to review when conducting data processing activities and annual data security assessment and may face challenges in addressing its requirements and make necessary changes to our internal policies and practices in data processing.

In addition, we may need to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U.S., Europe, Hong Kong and elsewhere. For example, the European Union adopted the General Data Protection Regulation, or the GDPR, which became effective on May 25, 2018. The GDPR imposes additional obligations on companies

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regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks.

We generally comply with industry standards and are subject to the terms of our own privacy policies. Compliance with any additional laws could be expensive, and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Any failure to comply with applicable regulations could also result in regulatory enforcement actions against us, and misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental authorities or other authorities, damage to our reputation and credibility and could have a negative impact on revenues and profits.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally, which may reduce the number of orders we receive.

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

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain 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. However, we cannot assure you that we will not receive any complaint or demand for social insurance or housing provident fund contribution from our employees, or that the relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions. As a result, our financial condition and results of operations could be adversely affected.

We may be required to register our operating offices outside of our residence addresses as branch offices under PRC law.

Under PRC law, a company setting up premises for business operations outside its residence address must register them as branch offices or subsidiaries with the relevant local market regulation

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bureau at the place where the premises are located and obtain business licenses for them as branch offices or subsidiaries. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

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

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. dollars or other currencies in the future. The value of RMB against the Hong Kong dollars, the U.S. dollars and other currencies is affected by changes in China’s political and economic conditions and by China’s foreign exchange and monetary 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. dollars in the future.

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. dollars 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. dollars may significantly reduce the Hong Kong dollars or the U.S. dollars equivalent of our earnings, which in turn could adversely affect the price of our Shares.

As of the date of this document, we have not entered into any hedging transactions 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. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

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

The PRC government imposes regulations on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. 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

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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. Additional restrictions on the convertibility of the RMB into foreign currencies may be imposed in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds famous trademarks or PRC time-honored brands.

Moreover, the Anti-Monopoly Law requires that the antitrust governmental authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平臺經濟領域的反壟斷指南》), which stipulates that any concentration of undertakings involving variable interest entities (VIE structure) shall fall within the scope of anti-monopoly review. If a concentration of undertakings meets the criteria for declaration as stipulated by the State Council, an operator shall report such concentration of undertakings to the anti-monopoly law enforcement agency under the State Council in advance. Therefore, our acquisitions of other entities that we have made before or will make in the future (whether by ourselves, our subsidiaries or through our variable interest entities) that meet the criteria for declaration, may be required to be reported to and approved by the anti-monopoly law enforcement agency.

In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. These laws and regulations are continually evolving as newly enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by NDRC and MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. In the future, we may grow our business by acquiring complementary

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businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident beneficial owners or our wholly foreign-owned subsidiaries in China to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries’ ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” The term “control” under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular of the SAFE on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1,

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2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents’ investment in “special purpose vehicle” pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

We have requested PRC residents who we know hold direct or indirect interest in our Company to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Any failure to comply with PRC regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, employees, directors, supervisors and other senior management participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We and our directors, executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted restricted shares, restricted share units or options are subject to these regulations. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit our ability to contribute additional capital into our wholly foreign-owned subsidiaries in China and limit these subsidiaries’ ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under PRC law.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated affiliated entities as part of their efforts to encourage the development of local businesses. In 2020, 2021 and 2022, we recognized RMB0.5 million, RMB2.6 million and RMB3.9 million of income from government grants in combined statements of profit or loss, respectively, which were non-recurring in nature. In addition, several COVID-19 related

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government policy support, such as relief of social security and waiver of toll charges, the exact magnitude of which cannot be quantified, have also contributed to the improvement our financial performance during the Track Record Period. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the Enterprise Income Tax Law of the PRC, or the EIT Law, and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our Shares may

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be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your investment in our Shares.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non PRC holding companies, and heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years, including the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises issued in December 2009, or SAT Circular 698, the Notice on Several Issues Regarding the Income Tax of Non-PRC Resident Enterprises issued in March 2011, or SAT Circular 24, and the Notice on Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-PRC Resident Enterprises issued in February 2015, or SAT Circular 7. Pursuant to these rules and notices, if a non-PRC resident enterprise indirectly transfers PRC taxable properties, referring to properties of an establishment or a place in the PRC, real estate properties in the PRC or equity investments in a PRC tax resident enterprise, by disposing of equity interest in an overseas holding company, such indirect transfer should be deemed as a direct transfer of PRC taxable properties and gains derived from such indirect transfer may be subject to the PRC withholding tax at a rate of up to 10%. SAT Circular 7 sets out several factors to be taken into consideration by tax authorities in determining whether an indirect transfer has a reasonable commercial purpose. An indirect transfer satisfying all the following criteria will be deemed to lack reasonable commercial purpose and be taxable under PRC law: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the PRC taxable properties; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in the PRC, or 90% or more of its income is derived directly or indirectly from the PRC; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the PRC taxable properties are limited and are insufficient to prove their economic substance; and (iv) the foreign tax payable on the gain derived from the indirect transfer of the PRC taxable properties is lower than the potential PRC income tax on the direct transfer of such assets. Nevertheless, the indirect transfer falling into the safe harbor available under SAT Circular 7 may not be subject to PRC tax and the scope of the safe harbor includes qualified group restructuring as specifically set out in SAT Circular 7, public market trading and tax treaty exemptions.

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Public Notice 37, effective from December 2017. SAT Public Notice 37 replaced a series of important circulars, including but not limited to SAT Circular 698, and revised the rules governing the administration of withholding tax on China-source income derived by a non-resident enterprise. SAT Public Notice 37 provides for certain key changes to the current withholding regime, for example, the withholding obligation for a non-resident enterprise deriving dividend arises on the date on which the payment is actually made rather than on the date of the resolution that declared the dividends.

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Under SAT Circular 7 and SAT Public Notice 37, the entities or individuals obligated to pay the transfer price to the transferor are the withholding agents and must withhold the PRC income tax from the transfer price if the indirect transfer is subject to the PRC enterprise income tax. If the withholding agent fails to do so, the transferor should report to and pay the tax to the PRC tax authorities. In the event that neither the withholding agent nor the transferor fulfills their obligations under SAT Circular 7 and SAT Public Notice 37, according to the applicable law, apart from imposing penalties such as late payment interest on the transferor, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the PRC tax authorities in accordance with SAT Circular 7.

However, as there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our Company by [REDACTED] that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our Company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-PRC residents were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors’ investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Risks Related to the [REDACTED]

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

Prior to the [REDACTED] of the [REDACTED], there has been no [REDACTED] market for our Shares. There can be no guarantee that an active [REDACTED] market for our Shares will develop or be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may

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not be indicative of the [REDACTED] at which our Shares will be traded following completion of the [REDACTED]. The [REDACTED] of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The [REDACTED] of our 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 [REDACTED]. 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 [REDACTED] and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your [REDACTED] in our Shares. In addition, short seller reports attacking us could also negatively impact the [REDACTED] of our Shares. Public companies that have substantially all of their operations in China have been the subject of short selling, and much of the scrutiny and negative publicity has centered on allegations in areas such as financial reporting, accounting and corporate governance. If we cannot respond timely to the allegations in the short seller reports, the [REDACTED] of our Shares will continue to fluctuate significantly after such attack. Further, regardless of whether such allegations are grounded, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves.

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

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

The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

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

As the [REDACTED] of our 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.

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If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] for our Shares and [REDACTED] could decline.

The [REDACTED] market for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares, the [REDACTED] for our Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [REDACTED] or [REDACTED] for our Shares to decline.

We have no experience operating as a [REDACTED] company.

We have no experience conducting our operations as a [REDACTED] company. After we become a [REDACTED] company, we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a [REDACTED] company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to [REDACTED] companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a [REDACTED] company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

We have not determined a specific use for a portion of the net [REDACTED] from the [REDACTED] and we may use these [REDACTED] in ways with which you may not agree.

We have not determined a specific use for a portion of the net [REDACTED] of the [REDACTED], and our management will have considerable discretion in deciding how to apply these [REDACTED]. You will not have the opportunity to assess whether the [REDACTED] are being used appropriately before you make your [REDACTED] decision. You must rely on the judgment of our management regarding the application of the net [REDACTED] of the [REDACTED]. We cannot assure you that the net [REDACTED] will be used in a manner that would improve our results of operations or increase the Share [REDACTED], nor that these net [REDACTED] will be placed only in [REDACTED] that generate income or appreciate in value.

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

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

Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board. Even if our Board decides to declare and pay

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

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

This document, particularly the sections headed “Business” and “Industry Overview,” contains information and statistics relating to our industry. Such information and statistics have been derived from different official government publications, available sources from public market research and other sources from independent suppliers, and from an independent industry report prepared by China Insights Consultancy. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. The information from official government sources has not been independently verified by us, the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED] (excluding China Insights Consultancy), 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

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this document.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or

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our majority Shareholder, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

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

We are an exempted company incorporated under the laws of the Cayman Islands. However, we conduct substantially all of our operations in China and most of our assets are located in China. In addition, all of our directors and senior executive officers reside within China for at least a significant portion of the time and all of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management residing in China. It may also be difficult for you to enforce in Chinese courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. On January 9, 2021, MOFCOM promulgated the Measures for Blocking Improper Extraterritorial Application of Foreign Laws and Measures (《阻斷外國法律與措施不當域外適用辦法》), or Order No. 1, with immediate effect. Under Order No. 1, if a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third state (or region) or its citizens, legal persons or other organizations, the citizen, legal person or other organization shall truthfully report such matters to MOFCOM within 30 days. Upon assessment and confirmation that there exists unjustified extra-territorial application of foreign legislation and other measures, MOFCOM will issue a prohibition order to prevent the relevant foreign legislation and other measures from being accepted, executed, or observed, but such a citizen, legal person or other organization may apply to MOFCOM for an exemption from compliance with such prohibition order. However, since Order No. 1 is relatively new, its enforcement involves uncertainty in practice.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, the PRC courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a foreign court.

Waivers [have been granted] from compliance with certain requirements of the Listing Rules.

Shareholders will not have the benefit of the Listing Rules that are so waived. These waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations. We have applied for[, and the Hong Kong Stock Exchange and SFC has granted to us,] a number of waivers from strict compliance with the Listing Rules. See “Waivers and Exemptions.” There is no assurance that the Hong Kong Stock Exchange or SFC will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations and incur

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additional compliance costs, all of which could materially and adversely affect us and our Shareholders.

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 the [REDACTED] is not exercised and excluding shares to be issued under the Share Incentive Plans. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

There will be a time gap of several business days between pricing 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 Hong Kong Stock Exchange until they are delivered, which is expected to be several Hong Kong business days after the pricing date. As a result, [REDACTED] may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the [REDACTED] of our Shares could fall before [REDACTED] begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time [REDACTED] begins.