## PRINCIPAL RISKS FOR INVESTING IN THE [REDACTED]

The principal risk for a potential investment in the **[REDACTED]** is that you may not be able to get back some or all of your original investments or you may not receive the returns you expected. This could happen for a number of reasons, for example if:-

— the price at which you are able to sell your Shares is less than the price you paid for them,

— you are unable to sell your Shares at all, for instance because there are not enough buyers in the market,

— we do not pay dividends to the expected level, or at all, as our profits can be variable and this can adversely affect the amount of dividends paid,

— our operational and financial performance is worse than expected, or

— we become insolvent and are placed in receivership or liquidation.

The key risks specific to our business and other general market risks are set out below. These risks, were they to occur, could have a material adverse effect on our financial position or performance through reduced revenue, increased costs, reduced cash-flow, loss of customers, damage to reputation or a combination of these.

Potential investors should consider such risk factors together with other information set out in this document. The risk factors set out below may not be the only ones faced by us. There may be additional risk factors of which we are currently unaware or that we currently deem not material but which may subsequently become key risk factors for our business.

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized as (i) risks relating to our business and industry; (ii) risks relating to conducting our business in the PRC; and (iii) risks relating to the Spin-off and the **[REDACTED]**.

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

**Economic downturns, reductions in international business or disruptions in global trade may adversely impact our business and results of operations. Any downturn or adverse development in regional and global economy may adversely affect the demand for our solutions and our business in general.**

The B2C export e-commerce supply chain solutions industry historically has experienced cyclical fluctuations in financial performance due to economic recessions, downturns in business cycles of our customers, interest rate fluctuations, currency fluctuations, and other economic factors which are beyond our control. Deterioration in the economic environment subjects our business to various risks, which may have a material and adverse impact on our operating results and our long-term growth goals. Some of the risks include (i) reduction in overall freight volumes in the market, (ii) failure of ocean carriers and air carriers, (iii) failure of our expense management and staffing level management to cater to changing market demands, and (iv) credit risk and working capital risk as a result of our customers not being able to pay or paying us late.

During the Track Record Period, we operated our business across various countries and regions, including the PRC, the United States, Canada, the United Kingdom, Germany and Australia. The growth of the regional and global economy has slowed down in recent years and the global macroeconomic environment faced various challenges, such as the economic slowdown in the Eurozone since 2014, uncertainties over the impact of Brexit, failures of major banks in the United States since 2023 and the ongoing global trade disputes and tariffs. The downward trend of regional and global economy may continue and there is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies.

In particular, we primarily provide B2C export e-commerce supply chain solutions primarily to customers in the PRC. Accordingly, any adverse economic or social development in the PRC, as a result of a global economy downturn or otherwise, could lead to a general decline in consumption and a slowdown in international trade, which could have a significant impact on our businesses. In addition, an economic downturn around the globe and the shifting of outsourced manufacturing activities away from the PRC could have a significant impact on the demand for our provision of B2C export e-commerce supply chain solutions. These factors could have a negative impact on the e-commerce activities in the PRC, and consequently, our business results might be materially and adversely affected. We recorded a total revenue of RMB316.2 million, RMB631.9 million and RMB708.7 million for FY2020, FY2021 and FY2022, respectively, all of which were attributable to our provision of B2C export e-commerce supply chain solutions to customers in the PRC. If the PRC experiences slower growth or a decline in B2C exports, our business, financial conditions and results of operations could be materially and adversely affected.

In addition, there have been concerns over the relationship between the PRC and the United States resulting from the geopolitical and trade tensions between the two countries, and it is unclear whether these challenges and uncertainties will be effectively contained or resolved and what effects they may have on the global political and economic conditions in the long term. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected or perceived overall economic growth rate. Any economic downturn or slowdown and/or negative business sentiment could have an indirect potential impact on our industry, and as a result, our business operations and financial performance may be adversely affected.

**The success of our business depends on the business performance of our customers and the e-commerce platforms on which they operate, and our ability to cost-effectively attract new customers and retain existing customers.**

We engage in the provision of B2C export e-commerce supply chain solutions, to serve our customers' logistical needs arising from the demand from end-consumers. We are indirectly and largely dependent on our customers' business performance and developments in their markets and industries.

Our five largest customers in aggregate accounted for 37.1%, 36.2% and 34.2% of our total revenue for FY2020, FY2021 and FY2022, respectively. Our strong and stable relationships with our customers are crucial to our business. We are dependent on our customers' demand for B2C export e-commerce supply chain solutions which in turn largely depends on their business performance, strategies, reputation and development in or influence over their respective markets and industries. Any loss or deterioration in our relationships with any of these customers and any adverse development related to our customers' business operations resulting in reduction in customers' demand for our solutions could materially and adversely affect our business operations and financial conditions. We cannot assure you that we can maintain the same level of relationships with our customers in the future. In the event we lose one or more of our major customers, our business, profitability and financial condition may be materially and adversely affected.

Our customer base primarily comprises e-commerce vendors who sell their goods to end-consumers overseas. Although e-commerce platforms are not our direct customers, any disruptions of their business operations may have significant adverse impact on the business operations and performance of our customers who sell their goods through such platforms, and may in turn reduce our customers' demand for our B2C export e-commerce solutions. Also, the demand for our B2C export e-commerce solutions and our growth and business prospect are dependent on the polices and business strategies of the e-commerce platforms, in particular those impact the e-commerce vendors in the PRC. New policies and change of business strategies of the world's major e-commerce platforms from time to time will also create uncertainty to and may adversely impact on the growth and prospect of the B2C export e-commerce supply chain solutions market in the PRC, which may in turn negatively affect our business development and prospect in the future. We cannot assure you that our business operations and financial condition will not be negatively impacted under these circumstances.

The success of our business depends in part on our ability to cost-effectively attract and retain new customers. If our sales and marketing initiatives do not work efficiently or our existing or potential customers do not perceive our B2C export e-commerce supply chain solutions to be timely and reliable, we may not be able to attract new customers, retain existing customers and increase their use of our solutions. If we fail to cost-effectively attract new customers, retain existing customers and increase their use of our solutions, our business and results of operations could be adversely affected.

**Our success is tied to our customers' expenditure on B2C export e-commerce supply chain solutions providers.**

Our growth strategy is partially based on the assumption that the trend toward engaging of B2C export e-commerce supply chain solutions providers will continue. Supply chain solutions providers like us are generally able to provide solutions more efficiently and cost-effectively than otherwise could be provided "in-house," primarily as a result of our expertise, technology prowess and one-stop and flexible delivery options. However, many factors could cause a reversal in the trend. As an illustration, our customers may see risks in relying on third-party supply chain solutions providers, or they may begin to define these activities as within their own core competencies and decide to perform cross-border delivery operations and fulfillment services themselves. If our customers are able to improve the cost structure of their in-house B2C export e-commerce supply chain operations, we may not be able to provide our customers with an attractive alternative for their supply chain needs. If our customers in-source significant parts of their B2C export e-commerce supply chain operations, or if potential new customers decide to carry out their own B2C export e-commerce supply chain solutions, our business, financial condition and results of operations may be materially adversely affected.

**We operate in a fragmented and competitive industry and we cannot assure you we will continue to maintain or increase our market share and compete successfully.**

The B2C export e-commerce supply chain solutions industry in the PRC is fragmented and competitive. According to Frost & Sullivan, among our peers which primarily utilize the pre-sale stocking model in the B2C export e-commerce supply chain solutions market in the PRC, we ranked seventh in terms of revenue in 2022. Our competitors may have a broader service or network coverage, more advanced technology infrastructure, broader customer base, stronger relationships with business and strategic partners, better brand recognition and greater capital, technical and marketing resources than we do. Our ability to compete successfully also depends on a number of factors which may be beyond our control, including the prices of the comparable solutions offered by our competitors in the market and our responsiveness to changes in our customers' needs. We may also have to offer more incentives to our customers, which could materially and adversely affect our profitability. Our competitors may also establish cooperative relationships or competing networks to increase their ability to address the needs of e-commerce vendors and end-consumers of e-commerce platforms, which could also negatively affect us. See "Industry Overview — Competitive Landscape of Cross-border Export E-commerce Supply Chain Solutions Market in the PRC" for further details. We cannot assure you that we will be able to continue to compete successfully in the industry in which we operate. A number of factors related to our competitors, including improved operational efficiency, adoption of competitive pricing strategies, expansion of operations or adoption of innovative marketing methods, may have a material adverse effect on our business operations and financial condition.

**Any disruption to the operation of and failure to effectively utilize our warehouses could adversely affect our results of operations.**

As part of our B2C export e-commerce supply chain solutions, we offer overseas and domestic warehousing services to our customers through our self-operated and partnered warehouses. Our continued growth depends in part on our ability to profitably operate our self-operated and partnered warehouses. Our self-operated and partnered warehouses' associated contribution to our growth are subject to a number of risks and uncertainties, including but not limited to our ability to: (i) ensure consistent quality across our warehouses; (ii) accurately allocate resources of the warehouses required for the provision of our warehousing services based on the forecasted customer demand; and (iii) efficiently deploy skilled management (through another third-party warehouse service providers or our employees) at our warehouses, via our standardized training, on commercially reasonable terms. If we experience any disruption to the operation of and fail to effectively utilize our warehouses, we may incur losses which could materially and adversely affect our business, financial condition and results of operations.

**Our provision of B2C export e-commerce supply chain solutions heavily relies on third-party service providers. Any disruption of our relationships with our suppliers and increases in their operating costs due to fluctuations in the costs and available of energy prices such as fuel supplies could adversely influence our operations and growth prospects.**

Our suppliers primarily include third-party warehouse service providers, international freight forwarding service providers, ocean carriers and air carriers and local "last mile" fulfillment logistics service providers. We rely on our third-party warehouse service providers to provide us with warehousing services, and international freight forwarding service providers, ocean carriers and air carriers, and local "last mile" fulfillment logistics service providers to provide us with the logistic services. Many of our suppliers are subject to increasingly stringent laws, which could, directly or indirectly, have a material adverse effect on our business. Future regulatory developments of the B2C export e-commerce supply chain solutions industry in the PRC, the United States and other countries could adversely affect their operations and increase operating costs of the upstream suppliers, which in turn could increase our cost of sales. If we are unable to pass such costs on to our customers, our business and results of operations could be materially and adversely affected.

Changes in the financial stability, operating capabilities and capacity of our suppliers and capacity allotment available to us may affect us in unpredictable ways. Any combination of reduced carrier capacity or availability, pricing volatility or more limited carrier shipping schedules, which as those caused by pandemic, shipwreck or other accidents, or congestion of trade lanes or ports, could further negatively affect our ability to deliver solutions and maintain profitability. In addition, relief measures extended by certain governments may also affect our suppliers' financial stability and ability to provide solutions, which we cannot predict. Moreover, if we fail to maintain partnership with freight carriers to sustain our cargo capacity and availability, which in turn may adversely affect our business.

We do not have full control over the quality of services provided by these service providers, and they may fail to meet the expectation of our customers in terms of delivery schedule, transportation process, goods handling procedures and warehousing services, which may cause delay in delivery or damages in goods during the transportation process. Any failure in the provision of reliable, timely and efficient delivery and fulfillment services by our suppliers may in turn harm our business and reputation. In addition, any illegal actions, material misconduct or non-compliant conduct by these service providers or their employees may also adversely affect our business and reputation.

Fluctuating fuel prices and interruptions of fuel supplies may reduce our profitability. Fuel represents a sizable cost to the logistics service providers engaged by us during our provision of B2C export e-commerce supply chain solutions. Hence, an increase in fuel prices may increase our costs as these logistics service providers may increase their fees to cover the increased fuel costs. According to Frost & Sullivan, the main costs of most B2C export e-commerce supply chain solutions providers are freight rate of seaborne transportation and "last mile" fulfillment delivery cost. In the event that we fail to transfer such costs to our customers, our profitability may be adversely affected. The cost of warehouses and fuel can fluctuate to different degrees and is subject to many economic and political factors that are beyond our control, primarily including the political instability in oil-producing regions and geopolitical landscape. In the event of a significant rise in fuel prices and warehousing cost, our related costs may increase and our gross profit may decrease if we are unable to adopt any effective cost control measures or pass on the rising cost to our customers in the form of solutions surcharges.

**We face risks inherent in the B2C export e-commerce supply chain solutions industry, including personal injury, product damage and transportation-related incidents.**

We manage products across our domestic warehouses in the PRC and our overseas warehouses, and face challenges with respect to the protection and examination of these products. Products in our global logistics network may be delayed, stolen, damaged or lost during storage or delivery for various reasons, and we may be perceived or found liable for such incidents. In addition, we may fail to screen products and detect unsafe or prohibited/restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other products in our global logistics network, harm our personnel and assets, or even injured recipients. Furthermore, if we fail to prevent prohibited or restricted items from entering into our global logistics network and if we participate in the transportation, storage and delivery of such items unknowingly, we may be subject to administrative or even criminal penalties. If any personal injury or property damage occurs, we may also be held liable for civil compensation.

The delivery of products also involves inherent risks. Our transportation process in the PRC involve vehicles and personnel in transportation, and are therefore subject to risks associated with transportation safety, and the insurance maintained by us may not fully cover the liabilities caused by transportation related injuries or loss. From time to time, such vehicles and personnel may be involved in traffic accidents, and the goods carried by them may be lost or damaged. In addition, tensions or disputes may occasionally arise from the direct interactions between such personnel and between goods deliverymen and recipients. Personal injuries or property damages may arise if such incidents occur.

Any of the foregoing could disrupt offering of our solutions, cause us to incur substantial expenses and divert the time and attention of our management. We may face claims and incur significant liabilities if found liable or partially liable for any of injuries, damages or losses. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. Any uninsured or underinsured loss could harm our business and financial condition. These proceedings or actions may subject us to significant penalties and negative publicity, reducing demands for our solutions, increasing our costs and severely disrupting our business. Governmental authorities may also impose significant fines on us or require us to adopt costly preventive measures, which may materially and adversely affect our business, financial conditions and results of operations.

**Our business operations and growth prospects may be materially and adversely affected if we are unable to successfully implement our [REDACTED] plan.**

In order to capture more market share of the B2C export e-commerce supply chain solutions industry, we plan to enhance our global logistics network through our unique asset-light model by deepening the local presence of our global logistics network through establishing more warehouses in existing overseas markets such as the United States, Canada, the United Kingdom and Germany. As of the Latest Practicable Date, we managed/contracted 44 overseas warehouses situated in the United States, Canada, the United Kingdom, Germany and Australia. See "Business — Our Global Logistics Network" for details of our warehouses. We also intend to (i) enhance and revamp our EDA Cloud platform to enable us to continue to deliver a customer-centric and compelling supply chain management experience consistently to our customers, and (ii) enhance our market presence by establishing sales and marketing teams domestically and in overseas markets. See "Future Plans and **[REDACTED]**" for details. However, we cannot assure you that we will be able to lease warehouses or suitable facilities for the enhancement of our global logistics network on commercially acceptable terms or at all, and we may not be able to recruit or deploy sufficient qualified employees at warehouses in accordance with our future plans. Furthermore, it may also take a longer time than expected for us to enhance and revamp our EDA Cloud platform, and we may not have sufficient experience in executing such enhancements effectively. Further, we will incur substantial costs in relation to the aforementioned **[REDACTED]** plan. If we fail to implement our **[REDACTED]** plan successfully, our growth potential and business operations may be materially and adversely affected. Even if we implement our **[REDACTED]** plan successfully, there is no assurance that we could gain the competitive advantage we expected.

**Inability to meet demand from our customers on a short notice could adversely impact our margins and operating results.**

Lasting customer satisfaction of and stickiness to our business depends upon our ability to meet their unpredictable short-term demands and needs. Freight fees and delivery schedules are always less flexible for orders given on a short notice, and as a result, short-term operating results could be disproportionately affected. A significant portion of our revenue is derived from customers in industries whose shipping patterns are dependent upon just-in-time production schedules. The timing of our revenue could therefore be impacted by factors out of our control, such as a sudden change in consumer's demand for retail goods, global or regional economic conditions, changes in trade policies, trade embargoes and regulations, product launches and/or manufacturing production delays. Volatile market conditions can create situations where price increases by logistics service providers are implemented with little or no advance notice. We often cannot pass these rate increases onto our customers in the same financial year, if at all. As a result, our profit margins and results of operations can be negatively impacted.

**We do not own any real properties and we lease all properties for our business activities and therefore we are exposed to risks in relation to unpredictable and increasing rental costs and relocation costs. Our leased properties may potentially be contested by third parties or government bodies causing our operations to be disrupted.**

We do not own any real properties and operate an asset-light model. As of the Latest Practicable Date, save for one warehouse in Australia, we lease all properties with Independent Third Parties for our business operations, including our office premises and warehouses located in the PRC and overseas. Our landlords could increase the rent or impose more stringent payment terms when negotiating to renew our leases, which could in turn adversely affect our profitability and results of operations. We may not be able to successfully extend or renew such leases upon expiration, on commercially reasonable terms or at all, and may be forced to relocate our warehouses or offices to other sites. Such relocation may disrupt our operations and incur significant relocation costs and capital expenditures in relation to the installation of warehousing facilities and technology systems, and could in turn adversely affect our financial condition. Further, we cannot assure you that we will be able to relocate such operations to suitable alternative premises in a timely manner or at all, and failure in relocating our operations when required could result in disruption to our business operations. In addition, we compete with other businesses for premises at certain locations or of desirable size. In the event that we fail to relocate our operations in a timely manner, our financial position, results of operations and reputation would be adversely affected.

Our leasehold interest pursuant to some of our lease agreements for our business operations in the PRC, including our office premises in Shanghai and Qingdao, have not been filed with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. In addition as of the Latest Practicable Date, lessors of our office premises in Shenzhen, Shanghai and Qingdao do not have the title certificate or other documentation proving its right to lease the premises to us. If the lessor is not the owner of the property and have not obtained consent from the owner or their lessor, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owner or the party who has the right to lease the property, and the terms of the new leases may not be favorable to us.

Although we are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties, we cannot assure you that our use of these leased properties will not be challenged in the future. We may be subject to fines and forced to relocate to other premises in case our use of properties is successfully challenged, and our operation could be seriously affected as a result. We may also involve in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. There is no assurance that we can find suitable replacement premises in a timely manner and on terms acceptable to us, or at all. Our business and financial performance may be adversely affected as a result.

**We may face difficulties in implementing our expansion plans and business strategies. Any difficulties in identifying, consummating and integrating acquisition or investment opportunities may expose us to potential risks and have an adverse effect on our business, results of operations or financial condition.**

The successful implementation of our expansion plan may be affected by a number of factors including the availability of sufficient funds, government policies relevant to our industry, economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers and the threat of substitutes and new market entrants. There is no assurance that the expansion plan can be implemented in a timely and successful manner. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our expansion plan, the growth in our service capacity will be negatively impacted, resulting in future capacity constraints which would consequently lead to the curtailment of our ability to capture future service orders, resulting in an adverse impact on our prospects. Any material adverse change in our operating environment resulting in our failure to implement any part of our expansion plan may also cause our revenue growth not being able to offset the increase in depreciation and labor-related expenses, and our financial condition and prospects may be adversely affected.

The success of our long-term business strategies will depend on, among others, our ability to expand our global logistics network and further invest in our logistics management platform and key technologies. Our business strategies and future plans formulated as set out in the sections "Business — Strategies on Future Growth" and "Future Plans and **[REDACTED]**" are (i) based on circumstances currently prevailing and bases and assumptions that certain circumstances will or will not occur; and (ii) dependent on a number of factors including the availability of funds, increasing demand for our solutions, our ability to expand our business and to retain and recruit competent management and employees. Some of the factors are beyond our control and by nature, are subject to uncertainty, such as the general market conditions in the PRC, the United States and other parts of the world, and the change in government policy or regulatory regime of the B2C export e-commerce supply chain solutions industry. There is no assurance that our business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies and plans may have a material adverse effect on our profitability and prospects.

Moreover, we may in the future seek to make acquisitions and investments to further expand our business. We cannot assure you that we will always be able to complete such acquisitions successfully or on terms commercially favorable to us. Integration of entities or assets we acquire into our business may not be successful and may prevent us from expanding into new categories of services or operating locations. This could significantly affect the expected benefits of these acquisitions. Moreover, the integration of any acquired entities or assets into our operations could require significant attention from our management. The diversion of our management's attention and any difficulties encountered in any integration process could have an adverse effect on our ability to manage our business.

Our possible future acquisitions and investments may also expose us to other potential risks, including risks associated with unforeseen or hidden liabilities, the diversion of resources from our existing businesses and technologies, our inability to generate sufficient revenue to offset the costs, expenses of acquisitions and potential loss of, or harm to, relationships with employees and customers as a result of our integration of new businesses. In addition, we may recognize impairment losses on goodwill arising from our acquisitions. The occurrence of any of these events could have a material and adverse effect on our ability to manage our business, our financial condition and our results of operations.

**An overall contraction in the availability of local and overseas workers in the labor market or any labor unrest may negatively affect our business.**

As of the Latest Practicable Date, we had a total 248 full-time employees in the PRC and various overseas countries. We have experienced, and expect to continue to experience increase in labor costs due to increase in salaries and other staff benefits. We compete with other market players in the B2C export e-commerce supply chain solutions industry as well as other industries for labor, and such competition may adversely affect the overall stability of our and our supplier's workforce and our solution performance. There is no assurance that we are able to offer competitive salaries and benefits to retain sufficient workforce in support of our operation, which may result in insufficient delivery resources, disgruntled employees and lower fulfillment services quality in certain parts of our operation.

Industrial action or other labor unrest against us could directly or indirectly prevent or hinder our normal operating activities, and if not resolved in a timely manner, could lead to delays in satisfying our customer orders and decreases in our revenue. These actions are impossible for us to predict or control. Further, we cannot assure you that labor unrest will not affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, financial condition and results of operations.

**The proper functioning and effective utilization of our technology systems and infrastructure of our business operations is essential to our business. Any failure to continue to maintain satisfactory performance of our EDA Cloud platform and any security breaches and attacks against our technology systems could materially harm our business and reputation.**

The satisfactory performance, reliability and availability of our EDA Cloud platform, a self-developed and proprietary supply chain management platform which enables us to deliver one-stop end-to-end B2C export e-commerce supply chain solutions with simplicity, convenience, speed and reliability, is critical to our success. The EDA Cloud platform controls our overall management of customer orders, transportation and warehouse management. These integrated technology systems support our day-to-day business operation and smooth performance of key functions of our business and formulation of our strategies. However, our EDA Cloud platform or technology infrastructure may not function properly at all times. We may not be able to timely monitor and ensure high-quality maintenance and upgrade of the same, and our customers may experience solution outages and delays in accessing and using our EDA Cloud platform 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 EDA Cloud platform at specific times. Any disruption to our EDA Cloud platform as a result of our failure to execute system maintenance and repair successfully could materially and adversely affect our business, financial condition and results of operations.

Our technology systems may 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 and the reliability of our EDA Cloud 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. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to these types of attacks that had materially and adversely affected our business operations. However, we cannot assure you that we would not be subject to such security attacks in the future. If we are unable to protect our technology systems from these security breaches and attacks, we may be subject to legal and financial liability, and our business and reputation could be adversely affected.

Our business also depends on the performance and reliability of the telecommunication and internet infrastructure in the PRC and in overseas countries where we have operations. The availability and reliability of our EDA Cloud platform and other technology systems depend on telecommunication carriers and other third-party providers for digital data transmission and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into or renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our ability to provide our solutions to our customers could be adversely affected. Frequent service interruptions could frustrate customers and discourage them from using our solutions, which could cause us to lose customers and harm our operating results.

**Failure to keep pace with the rapidly changing technologies in a timely manner, or at all, may affect our established position in B2C export e-commerce supply chain solutions industry.**

Our continued success and competitiveness depend on our ability to adapt to and keep pace with the rapidly changing technologies. Our ability to innovate, research and develop allows us to meet the evolving market needs for B2C export e-commerce supply chain solutions. We have continuously invested in the R&D of new technologies to maintain the growth of our business. These technologies are subject to continuous evolution and changes, and we cannot assure you that we will be able to keep up with changes in technological advancements in a timely manner or at a reasonable cost. We may be unable to accurately determine the needs of our customers and the trends in the B2C export e-commerce supply chain solutions industry or to design and implement the appropriate features and functionality of our EDA Cloud platform and technology infrastructure in a timely and cost-effective manner. If we are unable to maintain, improve and effectively utilize our technologies or to realize the expected results from our investment on R&D, our business performance, results of operations, growth prospects and reputation could be materially and adversely affected.

Moreover, changes in governmental regulations and industry standards may impose more stringent performance with respect to our operational efficiency which may require us to adopt new technologies, perform upgrades of our technology infrastructure, or improve our existing technologies. Such changes could require substantial investments and increase our cost of solutions and expenses. We may adopt advanced technologies, including mature technologies available overseas, that turn out to be not suitable or optimal for us, or we may have to invest in R&D and solution design efforts to test, modify and customize such technologies for local conditions. If we fail to keep up with these changes in technologies and our business operations, we may not be able to maintain or improve our competitive position, which will have a material adverse impact on our business, financial condition, results of operations and prospects.

**We deal with personal data. Any improper collection, storage, use of disclosure of such information could adversely affect our business and reputation.**

During our course of business, we process personal and transactional data, including names, address, phone numbers and other contact information of our customers and end-consumers of an order placed and delivered through our B2C export e-commerce supply chain solutions. There may also be confidential information in relation to the contents of the items delivered. We face inherent risks in collecting, handling and protecting large volume of data, including protecting the data stored in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Our reputation could be materially and adversely harmed if there is any system failure, security breach or third-party attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data. We may also expose to potential legal liabilities under the applicable laws and regulations and could be subject to liability claims by customers.

We are subject to laws and regulations relating to the use, storage, transfer, disclosure and security of personally identifiable information in relation to our customers and employees in different jurisdictions where we have operations, including the relevant laws and regulations in the PRC, the United States, Canada, the United Kingdom, Germany and Australia. See "Regulatory Overview" for further details. Further, regulators have been increasingly focused on regulations in the areas of data security and data protection. Our compliance costs may significantly increase and we may be subject to heightened risks and challenges for potential breaches of data protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

**Our historical results may not be indicative of our future performance.**

Our revenue amounted to RMB316.2 million, RMB631.9 million and RMB708.7 million for FY2020, FY2021 and FY2022, respectively. Such trend of the historical financial information only reflects our past performance under particular conditions. It does not have any positive implication, nor would it necessarily reflect our financial performance in the future, which will largely depend on, among others, our ability to secure new orders, control our costs and expenditures as well as general environment of the industry. Furthermore, we achieved a gross profit margin of 13.6%, 16.9% and 15.0% for FY2020, FY2021 and FY2022, respectively. We may not be able to sustain our historical growth or gross profit margin for various reasons, including but not limited to, our ability to cope with the changing demand and requirements from customers, intense market competition and the regional and global economy slowdown. The profit margins and income of our solutions may fluctuate, and the historical revenue from the provision of our solutions in the past may not be indicative of our future revenue or profitability.

**We are subject to risks associated with historical tri-party settlements with certain customers during the Track Record Period.**

During the Track Record Period, certain of our customers prepaid, topped up and settled their account credits and payments with us through tri-party settlement arrangements, the details of which are set out in "Business — Historical Tri-Party Settlement Arrangements". During the years ended December 31, 2020, 2021 and 2022, the amount of tri-party settlements accounted for 11.9%, 3.6% and 2.7% of our total revenue, respectively. We have implemented various internal control measures to avoid payments received from payors (who are mainly (i) legal representatives, directors, business partners, shareholders and employees of the Relevant Customers; and (ii) family members of the owners of the Relevant Customers) (the "**Payor(s)**") and to mitigate the relevant risks as detailed in the section headed "Business — Tri-Party Settlement Arrangements — Internal control measures and discontinuation of historical Tri-Party Settlement Arrangements". Since March 2023, we have completely discontinued all tri-party settlement arrangements and have been strictly enforcing the "no tri-party settlement" policies with our customers, requiring employees to carefully verify payment information against the information recorded in our system to ensure the payments were from the customers' own bank accounts and enhancing internal procedures requiring all customers to confirm that payments made were from the customers' own bank account before such payments could be proceeded.

Nevertheless, we were subject to various risks relating to these historical settlement arrangements during the Track Record Period, including possible claims from Payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party Payors. In the event of any claims from Payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of payments, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may as a result be adversely affected.

**Our wide variety of accepted payment methods subjects us to third-party online payment platform payment processing-related risks.**

We accept payments from customers using a variety of methods, mainly include bank transfers and payment through third-party online payment platforms. We generally engage online payment platform operators to process our customers' payments. Our business may be disrupted if the online payment platform operators become unwilling or unable to provide these services to us.

The online payment platform operators we work with constantly monitor our merchants accounts. We also implement a fraud detection system which flags possible fraudulent transactions. Our credit online team reviews such identified possible fraudulent transactions on a case-by-case basis. However, we cannot assure you that we are able to identify any fraud and to avoid future occurrence of such fraud on a timely manner, or at all. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any payment fraud that had materially and adversely affected our business or financial position.

We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and lose our ability to accept credit and debit card payments from our customers, process electronic funds transfers, or facilitate other types of online payments, and our business and operating results could be adversely affected.

**Our operations may be subject to transfer pricing adjustment.**

During the Track Record Period, Shenzhen EDA acted as our Group's core business entity to enter into contracts with our customers and coordinate with Shenzhen Haolian and other relevant operating subsidiaries of our Group in different jurisdictions through EDA Development (HK) Limited for the provision of domestic and international warehousing and logistics services. EDA Development (HK) Limited, through itself and by engaging respective overseas subsidiaries of our Group, leases warehouses and provides logistics services in different countries, including the United States, Canada, the United Kingdom, Germany and Australia. We expect that the transfer pricing arrangements will continue upon **[REDACTED]**.

According to regulations concerning transfer pricing between associated enterprises, related party transactions should comply with the arm's length principle. If the related party transactions fail to comply with the arm's length principle, the relevant tax authority has the power to make an adjustment following certain procedures. See "Regulatory Overview" for further details. Our Directors, after consultation with our external transfer pricing consultant, are of the view that the related party transactions did not appear to create any challenges by the relevant tax authorities in our transfer pricing policy for the relevant years from the respective regulatory framework perspective. However, there is no assurance that the competent tax authorities would not subsequently challenge the appropriation of our transfer pricing arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If a competent tax authority later determines that the transfer prices and terms that we have applied are not in compliance with the applicable transfer pricing rules and regulations, such authority may require us to re-assess the transfer prices, re-allocate the income, and/or adjust the taxable income, in order to reflect the accurate taxable income and/or pay all outstanding tax and statutory interest, if any. Any such reallocation or adjustment may result in a higher overall tax liability for us and may adversely affect our business, operation and financial results. During the Track Record Period and as of the Latest Practicable Date, we were not aware of any inquiry, audit or investigation by any tax authority in respect of our intra-group transactions. We, however, cannot assure you that we will not be challenged by any competent tax authority in relation any of our intra-group transactions in the future, and if so, our business operations could be adversely affected.

**Our operations may be affected by concentrating our purchases from Supplier A.**

During FY2020, FY2021 and FY2022, the total cost amount in respect of service fees payable to our largest supplier, Supplier A, amounted to RMB83.3 million, RMB178.8 million and RMB198.0 million, respectively, which accounted for 35.3%, 35.7% and 35.0% of our total cost of sales for the corresponding years, respectively.

If Supplier A is unable or unwilling to satisfy our order requirements in the future or terminates its framework agreement with us, we may experience an interruption in our operation, and have to seek alternative suppliers by that time. If the time for us to seek alternative suppliers is protracted, our business operations may be temporarily disrupted and our financial conditions may be adversely affected.

**Our business is subject to a broad range of complex and changing laws and regulations in different jurisdictions where we operate. If we or our service providers are deemed to be not in compliance with any of these laws and regulations, and fail to obtain requisite approvals, licenses or permits, our business, reputation, financial condition and results of operations may be materially and adversely impacted.**

Domestic and cross-border transportation of goods are subject to a number of governmental regulations, including licensing and financial security requirements, import and export regulations, security requirements, packaging regulations and notification requirements. These regulations and requirements are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the B2C export e-commerce supply chain solutions industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, B2C export e-commerce supply chain solutions. More specifically, international freights are subject to security and customs inspection and related procedures in countries of origin, destination, and certain transferral points. These inspection procedures can result in cargo seizures, delays in the loading, offloading, transferral, or delivery of products, and the levying of customs duties, fines or other penalties against us as well as damages of our reputation. Changes to existing inspection and security procedures could impose additional financial and legal obligations on us or our customers and may, in certain cases, render the transportation of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and results of operations.

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 the PRC, Hong Kong and the Cayman Islands, and to new and evolving regulatory measures under applicable laws. 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 generation to legal compliance. Moreover, such laws, regulations and standards are subject to varying interpretations, their application in practice may evolve over time as new guideline becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to out disclosure and governance practices. If we fail to address and comply with these regulations and subsequent changes, we may be subject to penalty and our business may be harmed.

In addition, our business is subject to rigorous regulations, and we are required to possess various registrations, approvals and licences, such as the registration of Non-Vessel Operating Common Carriers (無船承運業務備案表) and Archival Filing of International Freight Forwarders* (國際貨運代理企業備案) that are material to our business and operations in the opinion of our Directors. See the section headed "Business — Licenses, Approvals and Permits" for further details. We cannot assure you that we can successfully obtain, maintain, update or renew all required registrations, approvals and licences in the future in a timely fashion or at reasonable operating costs. In the event that we fail to renew or obtain relevant registrations, approvals and licences or such registrations, approvals and licences are revoked or withdrawn, or that any competent government authority considers that we operate our business without certain requisite registrations, approvals and licences, or otherwise fail to comply with applicable regulatory requirements, we may be subject to administrative actions and penalties, including fines, confiscation of our income, revocation of our licenses or permits, or, in severe cases, cessation of certain businesses.

**The preferential income tax treatment that we enjoy and the government grants that we receive in the PRC may be altered or terminated. Any discontinuation, reduction or delay of any government grant or preferential tax treatment could have a material and adverse impact on our business.**

In FY2020, FY2021 and FY2022, we received government grants of RMB6.5 million, RMB4.0 million and RMB1.2 million, respectively. We cannot assure you that Chinese policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated.

Our PRC subsidiary, Shenzhen EDA was being recognized as a "High and New Technology Enterprise" in December 2021 and has been entitled to a preferential PRC corporate income tax rate of 15% since January 2021. Since the qualification for preferential income tax treatment will only be valid for three years and is subject to further review for renewal, we cannot assure you that Shenzhen EDA will continue to be accredited as a "High and New Technology Enterprise" upon expiration of the relevant certificate in the future. If Shenzhen EDA fails to renew this qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax charge could materially and adversely affect our results of operations and financial condition.

**We may be subject to additional tax obligations in the foreign jurisdictions where we operate.**

As the Latest Practicable Date, we managed/contracted 44 overseas warehouses in the United States, Canada, the United Kingdom, Germany and Australia to store our customers' packages before we deliver them to the end-consumers, and we had fulfilled all our income tax obligations and did not have any unresolved income tax issues or disputes with the relevant tax authorities in these jurisdictions. Our Group's tax filing positions are based on interpretations of tax laws applicable to us as well as underlying rules and regulations of relevant jurisdiction with respect to transfer pricing. We cannot assure you that we will not be subject to additional income tax obligations in such jurisdictions in the future which could materially and adversely affect our results of operations and financial condition.

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

We regard our proprietary technologies, licensed trademarks, copyrights, patents, domain names, know-how and similar intellectual properties to be critical to our business operations. As of the Latest Practicable Date, we were the registered owner of 12 trademarks, seven patents, three domain names and 20 copyrights in the PRC which our Directors believe are material to our business operations. We rely on a combination of intellectual property laws and measures, including confidentiality, invention assignment and non-compete agreements with our employees, to protect our proprietary rights. However, the functionality of our system might be reproduced and our source code might be copied. In addition, any of our intellectual property rights may be challenged, invalidated, circumvented or misappropriated.

Monitoring the unauthorized use of intellectual properties is difficult and costly, and the steps we have taken may not fully prevent the infringement or misappropriation of our intellectual property rights. From time to time we may have to resort to litigation to enforce our intellectual property rights, which could result in substantial costs and diversion of our resources, and may materially and adversely affect our business.

**We may experience damage to the reputation and recognition of our corporate reputation and image, including negative publicity against us.**

We believe our corporate reputation and image will play an increasingly important role in enhancing our competitiveness and maintaining business growth. Any actual or perceived deterioration of the quality of our solutions, which is based on a range of factors including customer satisfaction, rate of accident, could subject us to damages such as loss of important customers. Further, any failure to conduct marketing and promotional activities, manage relationships with our customers and business partners, and manage complaints and events of negative publicity, maintain positive perception of our Company, our peers and the B2C export e-commerce supply chain solutions industry in general may negatively impact our brand image and corporate reputation. Any negative publicity against us, our solutions, operations, Directors, senior management, employees, business partners or our peers could adversely affect customer perception of our brand, cause damages to our corporate reputation and result in decreased demand for our solutions. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and expand our customer base, and our business, financial condition and results of operations may be adversely affected.

**We are dependent on our key management personnel, and any inability to develop or retain our key management personnel may have a negative impact on our operations. Also, if we are unable to attract, train and retain qualified personnel, our business may be materially and adversely affected.**

We believe our success, to a large extent, depends upon the continuing efforts of our employees, particularly our Directors and members of our senior management team. For further details of their expertise and experience, see the section headed "Directors and Senior Management". We rely on our key management in many important aspects of our business including sales and marketing, maintenance of customer relationships and management of our operations. We also rely on our experienced management team to ensure sound decision-making and smooth business operations. If one or more members of our Directors and senior management are unable or unwilling to continue their employment with us, we may not be able to substitute them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. In addition, our management may join a competitor or form a competing company. We can provide no assurance that we will be able to successfully enforce our contractual rights included in employment agreements with our management. As a result, our business may suffer the loss of services of one or more members of our management, and our financial condition and results of operations may be materially and adversely affected.

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly management, technological and operational personnel with local expertise in the B2C export e-commerce supply chain solutions industry. According to Frost & Sullivan, overseas local expertise resources are one of the entry barriers into the B2C export e-commerce supply chain solutions market. We cannot assure you that we will be able to attract or retain qualified local personnel that we need in order to achieve our business goals and further grow our business.

**Our risk management system may not be adequate or effective to detect potential risks in our business, and our business operations could be materially and adversely affected due to such failure.**

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as transportation and delivery, IT system, human resources, regulatory compliance and competition. However, due to the inherent limitations in the design and implementation of our risk management system, it may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place, for example, we may fail to accurately report our financial results, meet our reporting obligations or prevent frauds. Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our 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. In addition, our risk management hinges on the proper and reliable functioning of our internal technologies, which among others, assist us in data collection and analysis, send us automated alerts and automate many of our risk assessment and mitigation tasks. Any disruptions and failure in our internal technologies could increase our risk exposure and our business and financial condition and results of operations could be materially and adversely affected.

**We may be required by relevant government authorities to contribute additional housing funds and social security contributions, or be imposed of late payment fees or fines.**

We make social security and housing fund contributions for our employees. During the Track Record Period and up to the Latest Practicable Date, social security and housing fund contributions for some of our employees had not been made in full in accordance with the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, any failure to make timely and adequate contribution of social security or housing fund contributions for its employees may trigger an order of correction from a competent authority requiring the employer to make up the full contribution of such overdue social security or housing funds within a specified period of time and to pay a late fee for the social insurance aspect, and the competent authority may further impose fines or penalties. As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social security and housing fund contributions, nor had we received any order to settle the deficit amount. Based on the foregoing and our PRC Legal Advisers view, our Directors are of the view that it is unlikely for the relevant competent authorities demand us to make further payments of social security and housing fund contributions in the future, and for us to be subject to any material penalties. Our PRC Legal Adviser has advised that, based on the confirmations from the relevant authorities and relevant regulatory policies and facts stated above it is unlikely that the relevant competent authorities would actively demand us to make further payments of social security and housing fund contributions in the future, and for us to be subject to any material penalties due to our failure to provide full social security contributions for our employees. As of the Latest Practicable Date, we were not aware of any complaint filed by our employees wregarding our social security contributions and housing fund policy. However, we cannot assure you that the competent authority will not require us to make contribution of overdue social security or housing funds or to pay any overdue fine or penalty related thereto.

During the Track Record Period, we engaged third-party human resources agencies to pay social security and housing fund contributions for certain employees. We have such arrangements primarily because these employees worked outside of the cities where our operating entities are registered and third-party human resources agencies were engaged to pay social security and housing fund contributions for these employees in cities where they worked. Pursuant to the agreements entered into between our Company or our relevant PRC subsidiaries and such third-party human resources agencies, such human resources agencies have the obligation to pay social security and housing fund contributions for our relevant employees. As of the Latest

Practicable Date, none of the third-party human resources agencies that we cooperate with had failed to pay or delayed in paying any social security and housing fund contributions for our employees, and none of us or our PRC subsidiaries had been subject to any administrative penalty or received labor arbitration notices from any of our or their employees in relation to such agency arrangements. However, if such human resources agencies fail to pay the social security or housing fund contributions for and on behalf of our employees as required by applicable PRC laws and regulations in the future, we may be subject to additional contributions, late payment fees and/or penalties imposed by the relevant PRC authorities for failing to discharge our obligations in relation to payment of social security and housing fund contributions as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations.

**Our insurance coverage may not be adequate.**

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks and liabilities. We maintain various insurance policies at both local and global operational levels to provide insurance coverage relating to third-party liability, transportation risks, property loss and damage for our warehouses, equipment and stored goods, business disruptions and workers' compensation for injury and death, and various other areas. In addition, we are required to make contributions to mandatory social insurance funds for our employees to provide pension, unemployment, work-related injury and medical insurance, as well as housing provident funds, under the applicable PRC laws and regulations. For details, see "Business — Insurance". In addition, our suppliers maintain various insurance policies which cover the cargos and products being transported. 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. Even if our insurance coverage is adequate to cover our direct losses, we may not be able to take remedial actions or other appropriate measures. Furthermore, our claim records may affect the premiums which insurance companies may charge us in the future.

**We face risks related to natural disasters, severe communicable diseases and other outbreaks, if uncontrolled, which could significantly disrupt our operations.**

The outbreak of any severe communicable disease in the PRC or other parts of the world, if uncontrolled, could have an adverse effect on our operations and the overall business sentiment and environment. As various countries and cities have taken measures to contain the pandemic by, including but not limited to the quarantines, lockdown of cities, closing of offices and public venues, travel and transportation restrictions, and export restrictions and other commutable diseases globally may adversely impact the global supply chain due to (i) port congestion and shortage of local transportation which may result in delay of services; (ii) shrink in labor supply for freight and logistics industry resulting from lockdown of cities and quarantine policies that limit the flow of labor force; and (iii) interruptions to warehouse operations.

Such impacts may cause our customers to reduce their spending on the solutions we provide and thus affect our financial performance. In the event that certain countries impose bans on cargo transportations, it would lead to reduction in international flow of goods and affect the business of our customers. As a result, our customer's demand for our solutions may be reduced and our business, financial conditions and results of operations could be adversely affected.

If any of our employees is contracted with any severe communicable diseases, it could adversely affect or disrupt our operations as we may be required to close our offices and suspend our operations at the warehouses to prevent the spread of the disease and/or to quarantine the facilities of our customers which our employees have visited. We may be required to engage subcontractors to support our operations and take extra hygiene precautions for our operations, which may result in higher costs.

We are uncertain as to when the outbreak of a pandemic will be contained, and we also cannot predict if the impact of an outbreak will be short-lived or long-lasing. As a result, our operations may be impacted by potential delays in business activities, commercial transactions and general uncertainties surrounding the duration of the government's extended business and travel restrictions in response to the outbreak of a pandemic. National or global economic downturns resulting from the outbreak may have a negative impact on our strategies and our business, financial condition and results of operations may be materially and adversely affected.

Similarly, natural disasters, acts of war, terrorist activities, threats of war or terrorist activity, social unrest and corresponding heightened travel security measures instituted in response, as well as geopolitical uncertainty and international conflicts and tension, may affect regional and national economic development in areas where we operate and our business, financial condition and results of operations may be materially and adversely affected. In addition, we may not be adequately prepared in terms of contingency planning or have recovery measures in place to deal with a major incident or crisis. As a result, our operational continuity and our reputation may be materially and adversely affected.

**We are exposed to credit risks in respect of our trade receivables.**

Trade receivables represent balance due from our customers which amounted to RMB39.9 million, RMB44.2 million and RMB70.4 million as of December 31, 2020, 2021 and 2022, respectively. During the Track Record Period, the credit period we granted to our customers is generally due by the tenth day of billing, extending up to two months for some of our core customers. Our trade receivables turnover days were 26 days, 24 days and 30 days for the years ended December 31, 2020, 2021 and 2022, respectively. See "Financial information — Description of certain items of statements of financial position — Trade receivables" for further details on our trade receivables.

Should (i) our customers fail to settle relevant receivables in full; or (ii) there be a change in their payment policies resulting in a longer settlement period for the amount due, our business, financial condition and results of operations could be materially and adversely affected.

There can be no assurance that our credit control policies and measures implemented will be adequate to protect us against material credit risks and enable us to avoid losses. We may make allowances for doubtful debts based on certain assumptions, estimates and assessments about the recoverability of our trade receivables, including the creditworthiness and past collection history of our customers. However, such collectability estimates may prove to be inaccurate or there may be a change in the underlying basis of such assumptions, estimates and assessments. In the event that we are required to make future adjustments or our actual losses exceed our allowances, this could result in a material and adverse effect on our results of operations and financial condition.

**We are subject to foreign exchange risks.**

Our Company's functional currency is RMB and each subsidiaries of our Group determines its own functional currency, while some of our business transactions with our customers and suppliers are denominated in other currencies, including but not limited to US dollars. We are exposed to certain foreign exchange risks in respect of depreciation or appreciation amongst the currencies other than our functional currencies. In addition, we have intra-group balances with several subsidiaries denominated in foreign currency, which also expose us to foreign currency risk. As we currently do not hedge foreign currency exposure in general, any significant changes in the exchange rate between RMB and other currencies may result in substantial loss for us. We recorded net foreign exchange loss of RMB1.2 million and RMB1.3 million for the years ended December 31, 2020 and 2021, respectively. Shall we face significant volatility in these foreign exchange rates and we cannot procure any specific foreign exchange control measures to mitigate such risks, our results of operations and financial performance shall be adversely affected.

**We may revise pricing methodologies from time to time. If we fail to control our costs or price favorably, our long-term growth and competitiveness would be materially and adversely affected.**

We may adjust our pricing methodologies from time to time. While we have been and will continue to set prices of our solutions based on historical operating experience and the prevailing market conditions, our assessments may not be accurate or there may be errors in our pricing algorithms, resulting in the underpricing or overpricing of our solutions. Any such changes to our pricing methodologies could materially and adversely affect our ability to attract or retain customers and suppliers.

To maintain competitive pricing, narrow our loss margin and achieve profit margin, we must continuously and effectively control our costs. We have implemented cost control measures, for example, to reduce our operation costs by managing more warehouses with a variable rental fee and thus having to incur a relatively lower capital commitment in terms of rental, human resources and infrastructure and to control our selling and distribution expenses and administrative expenses despite a significant growth in our revenue during the Track Record Period. However, the measures we have adopted or will adopt in the future may not be as effective as expected. There can be no assurance that we will not be forced, through competition, regulation or otherwise, to reduce delivery fees we pay to our suppliers, reduce the fees we charge our customers, or increase our marketing and other expenses to attract and retain customers and suppliers in response to competitive pressures. If we are not able to effectively control our costs based on market conditions, our profitability and cash flow may be materially and adversely affected.

**Our business is subject to seasonal patterns associated with the B2C export e-commerce supply chain solutions industry.**

The B2C export e-commerce supply chain solutions industry we engage in is subject to some degree of seasonal sales fluctuations as international freights generally are lower during and after the winter holiday season because many of our e-commerce vendors customers transport goods and stock inventories prior to the winter holiday season. For further details, see the section headed "Business — Seasonality". If we were to experience a lower-than-expected revenue during any such period, whether from a general decline in economic conditions or other factors beyond our control, our expenses may not be offset, which would have a disproportionately adverse impact on our operating results and financial condition for that period.

**We incurred net current liabilities as of December 31, 2020 and December 31, 2021.**

We had net current liabilities of RMB33.7 million as of December, 31 2020, primarily due to relatively higher balance of trade payables for our increasing procurement needs as our business had a relatively smaller scale prior to the Track Record Period. We had also recorded net current liabilities of RMB49.3 million as of December 31, 2021, primarily due to the balances of amounts due to the immediate holding company and a shareholder, in aggregate, of RMB95.0 million arising from initial investment in and acquisition of Shenzhen EDA Group, which is one-off in nature and not expected to occur again in the future. For further details, see "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position" in this document. We cannot assure you that we will not have a net current liabilities position in the future. The net current liabilities position, if recurs in the future, would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, operating results and financial condition could be materially and adversely affected.

## RISKS RELATING TO CONDUCTING OUR BUSINESS IN THE PRC

**Possible changes in the economic, political and social conditions in the PRC and policies adopted by the PRC government could adversely affect our business, prospects, financial conditions and results of operations.**

As we conduct our business operations within the PRC, our financial condition and results of operations are strongly influenced by the economic, political and social conditions, legal development, and government policies of the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. The PRC economy is undergoing further transition to a market oriented economy and has implemented economic reform measures emphasizing the use of market forces to drive economic development in recent years. However, any economic reform policies or measures in the PRC may from time to time be modified, revised, or applied inconsistently from industry to industry or across different regions of the country. As a result, some of these measures may benefit the overall PRC economy but have a negative effect on the industries in which we operate and subsequently our business.

While the PRC economy has grown significantly in the past decades, growth has been uneven, both geographically and among the various sectors of the economy. There can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC; (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies; and (iii) changes in the rate or method of taxation. Any economic slowdown, recession or other developments in the PRC social, political, economic or legal environment could result in fewer opportunities. As such, our business, financial position and results of operations would be materially and adversely affected.

**The inherent uncertainties as to the interpretation and implementation of laws of the PRC could limit the protection available to us and to our Shareholders.**

The PRC legal system is a civil law system based on written statutes and court decisions have limited precedential value. The PRC legal system is evolving rapidly. Therefore, many of these laws and regulations are relatively new and the source of court decisions and applications is limited. Uncertainties surrounding the interpretation and enforcement of relevant laws and regulations applicable to our business may limit the legal protections available to us.

From time to time, we may have to resort to administrative and judicial proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have certain discretion in interpreting and implementing statutory and contractual terms, sometimes it may not be easy to predict the outcome of an administrative or judicial proceeding.

Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner. These uncertainties may impede our contractual, property and procedural rights, which could adversely affect our business, results of operations and financial condition.

**The permit, filing or other requirements of the CSRC or other PRC government authorities in relation to our [REDACTED] or further capital raising activities may be required by PRC laws.**

On 6 July 2021, the General Office of the Central Committee of the Communist Party of the PRC and the General Office of the State Council jointly issued the Opinions on Strictly Cracking Down on Illegal Securities Activities 《(關於依法從嚴打擊證券違法活動的意見》), which emphasized the need to strengthen the administration over illegal listing, and the supervision over overseas listing by domestic companies. Stringent measures aimed at establishing a robust regulatory system are expected to be taken to deal with the risks associated with overseas listed companies based in or having significant operations in China, and to tackle any related cybersecurity and data security, cross-border data transmission, and confidential information management, among other matters.

Further, on 17 February 2023, the CSRC released the Overseas Listing Trial Measures and five ancillary guidelines, which apply to overseas offerings and listing by domestic companies of equity shares, depository receipts, corporate bonds convertible to equity shares, and other equity securities, and came into effect on 31 March 2023. According to the Overseas Listing Trial Measures, overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity and data security and duly fulfill their obligations to protect national security, and the domestic companies may be required to rectify, make certain commitment, divest business or assets, or take any other measures as per the competent authorities' requirements, so as to eliminate or avert any impact of national security resulting from such overseas offering and listing. No overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; or (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law, among other scenarios. The Overseas Listing Trial Measures provide that if an issuer meets both of the following conditions, the overseas securities offering and listing conducted by such issuer will be determined as an indirect overseas offering and listing subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements over the same period for the most recent accounting year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in the PRC, or its main places of business are located in the PRC or the senior managers in charge of its business operation and management are mostly Chinese citizens or habitually resided in the PRC. For an **[REDACTED]** in an overseas market, the issuer shall designate a major domestic operating entity to file with the CSRC within three working days after the relevant application is submitted overseas. For details, see ''Regulatory Overview — Regulations on Overseas Offering and Listings'' in this document. Based on the foregoing, we will be required to complete the filing procedures with the CSRC in connection with the **[REDACTED]** pursuant to the Overseas Listing Trial Measures.

On the same date, the CSRC further published a notice clarifying that from the effective date of the Overseas Listing Trial Measures, the issuers that have already submitted valid application of the **[REDACTED]** and **[REDACTED]** but have not obtained the overseas regulatory authorities or security stock exchange may reasonably arrange the time of filing their applications and shall complete the filing procedures with the CSRC before the **[REDACTED]** and **[REDACTED]**. In addition, in the process of filing, where the issuer may be under any of the forbidden circumstances provided under the Overseas Listing Trial Measures, the CSRC may solicit the opinions of the competent government authorities under the State Council.

We cannot assure you that we could meet such requirements, obtain such permit from the relevant government authorities, or complete such filing in a timely manner or at all. Any failure may restrict our ability to complete the **[REDACTED]** or any future capital raising activities, which would have a material adverse effect on our business and financial positions. However, as the Overseas Listing Trial Measures were recently promulgated, there remain substantial uncertainties as to its interpretation and implementation and how it may impact our ability to raise or utilize fund and business operation.

**Governmental control of currency conversion may limit our ability to use capital effectively.**

The PRC government imposes control on the convertibility of Renminbi, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following completion of the **[REDACTED]**, do not require prior approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE. There is no assurance that we will be able to receive these approvals in time, or at all. This could restrict the ability of our PRC subsidiaries to obtain debt or equity financing in foreign currencies.

The existing foreign regulations allow us, following completion of the **[REDACTED]**, to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there is no assurance that the PRC government will continue to adopt this policy going forward. The PRC government may also restrict our access to foreign currencies for current account transactions at its discretion. Any insufficiency of foreign currencies may impair our ability to obtain sufficient foreign currencies for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements.

**Fluctuation in the value of the Renminbi may have a material adverse effect on our business.**

A large portion of our revenue, liabilities and assets are denominated in Renminbi. However, following the **[REDACTED]**, we may also maintain a significant portion of the proceeds from the **[REDACTED]** in Hong Kong dollars before they are used in our PRC operations. The value of Renminbi against US$ or Hong Kong dollars is affected by, among other factors, changes in political and economic conditions and the foreign exchange policies adopted by the PRC government and will likely continue to fluctuate in the future. Under the current policy, the Renminbi is pegged against a basket of currencies, as determined by the PBOC, against which it can rise or fall within stipulated ranges each day. As a result of the historical and any future changes in currency policy, the exchange rate may become volatile, the Renminbi may be revalued further against the US$ or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US$ or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US$ or Hong Kong dollars (which are pegged to the US$), of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the US$ or the Hong Kong dollars would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert US$ or Hong Kong dollars into Renminbi for such purposes. In addition, our Company is a holding company and we may have to rely on dividends paid by our operating subsidiaries in the PRC to make dividend payments in Hong Kong dollars to Shareholders. Depreciation of Renminbi against Hong Kong dollars will therefore have a negative impact on the Hong Kong dollars amount Shareholders could receive as dividend payments.

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

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

**Our ability to access credit and capital markets may be adversely affected by factors beyond our control.**

Interest rate increases by the PBOC or market disruptions may increase our cost of borrowing or adversely affect our ability to access sources of liquidity upon which we may use to finance our operations and satisfy our obligations as they become due. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. There can be no assurance that the anticipated cash flow from our operations will be sufficient to meet all of our cash requirements, or that we will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect our ability to finance our operations, meet our obligations or implement our growth strategy.

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

The majority of our senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in the PRC of judgements of a court in any of these jurisdictions may be difficult or even impossible. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met.

**We may be considered a "resident enterprise" under the EIT Law and income tax on the dividends that we receive from our PRC operating subsidiaries may increase.**

Our Company was incorporated in the Cayman Islands. We conduct our business through operating subsidiaries in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to enterprise income tax at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulation on the Implementation of EIT Law (《中華人民共和國企業所得稅法實施條例》), effective as of 1 January 2008, which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". Currently, our management is primarily based in the PRC, and may continue to be based in the PRC in the future. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in the PRC. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual resident(s), as in our case.

If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income, and any dividend or gain on the sale of our Shares received by our non-resident enterprise Shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

Under the EIT Law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement.

We invest in our PRC operating subsidiaries through our Hong Kong subsidiaries. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Tax Avoidance Arrangement**") and other applicable PRC laws, our Hong Kong subsidiaries will be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated the Circular of the State Taxation Administration on Matters Concerning "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中「受益所有人」有關問題的公告》) ("**Circular 9**") on 3 February 2018, effective as of 1 April 2018, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits. It is possible, however, that under Circular 9 our Hong Kong subsidiaries would not be considered the "beneficial owner" of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favorable 5% rate applicable under the Double Tax Avoidance Arrangement and other applicable PRC laws. In that case, our financial position and results of operations would be materially and adversely affected.

**There are uncertainties with respect to indirect transfers of assets (including equity interests) of our PRC subsidiaries.**

In February 2015, the SAT issued the Announcement on Certain Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (as amended on 17 October 2017 and 29 December 2017) ("**Circular 7**"), which abolished certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (《關於加強非中國居民企業股權轉讓所得企業所得稅管理的通知》) ("**Circular 698**"), which was previously issued by the SAT in December 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and also heightens the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**").

Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose. Although Circular 7 contains certain exemptions, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares on a public market by our non-resident enterprise Shareholders or to any future acquisition by us outside of the PRC involving PRC Taxable Assets. As a result, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities.

**You may be subject to PRC income tax on dividends from us or on any gain realized on the sale or other disposition of our Shares under PRC law.**

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

**SAFE regulations may limit our ability to finance our PRC subsidiaries effectively with the [REDACTED] from the [REDACTED], which may affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions.**

We may finance our equity controlled PRC subsidiaries with the **[REDACTED]** from the **[REDACTED]** through overseas shareholder loans or additional capital contributions, which require registration with or approvals from PRC government authorities. Any overseas shareholder loans to our PRC subsidiaries must be registered with the local branch of SAFE as a procedural matter, and such loans cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions must be filed with the Ministry of Commerce of the PRC or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds.

On 30 March 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》(the "**Circular 19**"), which took effect and replaced previous SAFE regulations from 1 June 2015. SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"), effective on 9 June 2016, which, among other things, amended certain provisions of Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency dominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. For further details, see "Regulatory Overview — Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents". The applicable foreign exchange circulars and rules may significantly limit our ability to convert, transfer and use the **[REDACTED]** from the **[REDACTED]** or any **[REDACTED]** of additional equity securities in the PRC, which may adversely affect our business, financial condition and results of operations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future loans or capital contributions to our PRC subsidiaries with the **[REDACTED]** from the **[REDACTED]**. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

## RISKS RELATING TO THE SPIN-OFF AND THE [REDACTED]

**There is no existing public market for our Shares and their liquidity and market price may fluctuate.**

Prior to the **[REDACTED]**, there has not been a public market for our Shares. We have applied for the **[REDACTED]** on the Stock Exchange. However, even if approved, we cannot assure you that (i) an active and liquid public trading market for our Shares will develop following the **[REDACTED]**, or (ii) if it does develop, it will be sustained following the completion of the **[REDACTED]**; or (iii) the market price of our Shares will not decline below the **[REDACTED]**. The financial market in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate. The trading volume and price of our Shares may be subject to significant volatility in response to, among others, the following factors:

- variations in our financial position and/or results of operations;
- changes in securities analysts' estimates of our financial position and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in investors' perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic cooperation or acquisition;
- industrial or environmental accidents, litigation or loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- fluctuations in the market prices of our properties;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- release or expiry of lock-up or other transfer restrictions on our Shares;

- the liquidity of the market for our Shares; and

- general economic and other factors.

The **[REDACTED]** for our Shares was the result of, and the **[REDACTED]** will be the result of, negotiations among us and the **[REDACTED]** and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]** and the **[REDACTED]**) and may not be indicative of prices that will prevail in the trading market after the **[REDACTED]**. Therefore, our Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares purchased in the **[REDACTED]**.

Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

**Prospective investors of our Shares may experience dilution if our Company issues additional Shares in the future.**

We may need to raise additional funds in the future to finance expansions of our operations or new acquisitions. If additional funds are raised through issuance of new Shares or other securities that may be converted into the Shares other than on a pro rata basis to our existing Shareholders, the percentage ownership of the existing Shareholders may be reduced and Shareholders may experience subsequent dilutions. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or that take priority over those conferred by the Shares. Prospective investors of our Shares may also experience further dilution in the net tangible assets book value per Share if our Company offers or issues new Shares at a price lower than the then net tangible assets book value per Share.

**Grant of options under the share option schemes and the award of RSUs may affect our Company's results of operations and the exercise of such options and the award of RSUs will dilute the Shareholders' percentage of ownership in our Company.**

We have [granted] share options under the **[REDACTED]** Share Option Scheme and [awarded] RSUs under the **[REDACTED]** RSU Plan for the purpose of incentivizing our management. [The fair value of the options at the date on which they were granted with reference to the valuer's valuation will be charged as share-based compensation], which may materially and adversely affect our Company's results of operations. The exercise of options [granted] under the **[REDACTED]** Share Option Scheme and options that may be granted under the **[REDACTED]** Share Option Scheme and the [award] of RSUs under the **[REDACTED]** RSU Plan and **[REDACTED]** RSU Plan will result in dilution in the percentage of ownership of the Shareholders and the net asset value per Share. See also "Statutory and General Information" in Appendix IV to this document for further details.

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

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

**Our Shareholders may experience difficulties in enforcing their shareholder rights because we are incorporated under Cayman Islands laws, which may provide different protection to minority shareholders than the laws of Hong Kong and other jurisdictions. You may face difficulties in protecting your interests under the laws of the Cayman Islands.**

We are a company incorporated in the Cayman Islands and our corporate affairs are governed by, among other things, our Articles of Association, Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which 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 in Hong Kong and other jurisdictions. Such differences may mean that our minority Shareholders may have less protection than they would have under the laws of Hong Kong or other jurisdictions. See "Summary of the Constitution of our Company and Cayman Companies Act" in Appendix III to this document for further details.

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

Immediately following the **[REDACTED]**, our Controlling Shareholders will continue to exercise significant influence over all matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our Company or your best interests. If the interests of our Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, our Company or those other Shareholders, including you, may be disadvantaged as a result.

**Our management has significant discretion as to how to use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.**

Our management may use the **[REDACTED]** from the **[REDACTED]** in ways that you may not agree with or that do not yield a favorable return to our Shareholders. By investing in our Shares, you are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the **[REDACTED]** from the **[REDACTED]**. See "Future Plans and **[REDACTED]**" in this document for further details.

**Future sales or perceived sales or conversion of substantial amounts of our securities in the public market could adversely affect the market price of our [REDACTED] and our ability to raise capital in the future, or may result in dilution of your shareholding.**

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could materially and adversely affect the prevailing market price of our Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders would experience a dilution in their holdings upon the issuance of additional securities for any purpose. If additional funds were raised through our issuance of new equity or equity-linked securities other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders could be reduced and such new securities might confer rights and privileges that take priority over those conferred by the **[REDACTED]**.

A certain number of our **[REDACTED]** held by existing Shareholders are or will be subject to contractual and/or legal restrictions on disposal for a period of time after completion of the **[REDACTED]**. See **[REDACTED]** in this document for further details. After the lapse of the abovementioned restrictions, future sales or perceived sales of substantial amounts of our Shares, or the possibility of such sales by us, could negatively impact the market price of our Shares and our ability to raise equity capital in the future.

**There can be no assurance if and when we will pay dividends in the future.**

Distribution of dividends shall be formulated by our Board and will be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, relevant laws and regulations and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future or that we will pay dividends in accordance with our dividend policy. See "Financial Information — Dividends and Dividend Policy" in this document for further details of our dividend policy. Our dividend policy should not be taken as in indicative of our dividend policy in the future.

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

There has been, prior to the publication of this document, and there may be subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press, media, and/or research analyst coverage regarding us, our business, our industry, the Spin-off and the **[REDACTED]**. You should rely solely upon the information contained in this document in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Spin-off, the **[REDACTED]**, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this document only and should not rely on any other information.

**Forward-looking statements contained in this document are subject to risks and uncertainties.**

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources and are not a guarantee of future performance. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

**We cannot guarantee the accuracy of certain facts and statistics contained in this document.**

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