An [**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this document.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; and (ii) risks relating to the [**REDACTED**]. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business, growth and prospects are significantly affected by the demand of our services in China.

During the Track Record Period, we generated our revenue primarily from providing intralogistics equipment solutions to customers across different industry sectors in China. In 2020, 2021, 2022 and for the four months ended April 30, 2023, revenue derived from intralogistics equipment subscription services accounted for 65.2%, 63.0%, 61.8% and 55.9%. With our intralogistics equipment subscription service customers mainly comprising of manufacturers, logistics companies, and trading companies, any material turbulences or downturn in such customers' industries may reduce their demands for our services, which in turn, may have a material impact on our business operations and financial conditions. For example, if the consumers' demands for the goods or products produced by our manufacturer customers decrease, such customers' demands for intralogistics equipment, in turn, may decrease as well, as they handle or transport fewer products and materials in warehousing, transportation or production operations. In addition, for enterprises engaged in trading industries, any slow-down in the general economy, or market trend that is relevant to their businesses, may cause reduced business activities from their end, which in turn, may reduce their needs for intralogistics equipment used in warehousing or transportation.

Furthermore, the future growth of our business depends on several factors, including our ability to maintain our market position, to maintain our KA customers, and to expand our customer portfolio and service network. We cannot guarantee that our services and our technologies can satisfy the customers' evolving needs. For example, if our competitors managed to develop more advanced technologies, their intralogistics equipment solutions could become more competitive, which in turn could lead to a decrease in the demand for our services. As a result, we cannot predict with certainty the demand for our services or the future growth rate and size of the market we operate in. If there is a reduction in demand for our services caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, relevant regulations and policies, competing solutions or services or otherwise, our revenue and gross profit margins would be adversely affected, which would in turn materially affect our business, growth and prospects.

Any economic slowdown or decrease in general economic activities may adversely affect our business, results of operations, financial condition, and prospects.

As a leading intralogistics equipment solution provider, our services are primarily utilized by customers in manufacturing, logistics, and trading industries. As a result, the demand of our services is strongly connected to these industries, which experience cyclical fluctuations and can be affected by macroeconomic conditions to varying degrees. The nature, timing and extent of changes in industry-wide conditions are unpredictable. Any economic slowdown or decrease in general economic activities may result in a decline in logistics, manufacturing and trading activities, which may in turn result in a downturn in activities in our industry. For example, an economic slow-down can lead to decreased mass consumption across the nation, affected by which, manufacturing and logistics demands may decrease as well. Demands for subscribing intralogistics equipment, thus, may be affected. In particular, in 2022, affected by the resurgence of COVID-19 pandemic, some of our customers' stores or sites are temporarily closed or had reduced operations, as a result, the demands for our services were reduced. For details, please also see "Business – Impact of COVID-19 on our Operations". Our customers' demands for our services are also affected by conditions and prospects of industries that they are engaged in and related industries. For instance, the significant growth of e-commerce business in China has fueled the business development of logistics services in recent years, which had a meaningful contribution to the growth of our intralogistics equipment subscription service business. However, there is no assurance that such industries will continue to grow in the future.

In addition, any deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and future prospects. For instance, some of our customers may face difficulties in making payments to us. These customers may not complete their payments as quickly as they had in the past, if at all, which may have adverse impact on our working capital. Furthermore, in an economic downturn, we may not be able to promptly adjust our expenses in response to changing market demands and it may be more difficult to match our staffing levels to our business needs. Therefore, in the event of an industry downturn, unfavorable economic and market conditions may lead to a decline in the overall demand for our services, and an increase in the possibility of our customers' default, which may, in turn, materially and adversely affect our business, financial condition, and results of operations.

The following factors during an economic downturn, among others, may result in weakness in our end markets, either temporarily or in the long term, which could in turn materially and adversely affect our results of operations:

- a decrease in the demand of our customers for our services;
- an increase in the repair and maintenance costs of our equipment;
- suspension of some of our ongoing contracts;
- an increase in default risks of our customers or counterparties;
- a decline in manufacturing, logistics, and trading industries;
- excess fleet in intralogistics equipment production;
- a lack of availability of credit facilities to us from financial institutions;
- volatility in interest rates of our credit facilities;
- inability to effectively execute our business plans and strategies; and
- public health crises and epidemics.

In addition, our business, financial condition and results of operations are subject to the macroeconomic policies in China, including monetary and industry policies. If we fail to promptly respond to such policy changes, our business, results of operations, financial condition, and prospects may be adversely affected.

We incurred bank loans and other borrowings to invest in the expansion of our equipment fleet during the Track Record Period. Changes in interest rates of such bank loans and other borrowings could have a material adverse impact on our business, results of operations and financial condition.

We incurred bank loans and other borrowings to invest in the expansion of our equipment fleet during the Track Record Period. A major portion of our intralogistics equipment for subscription was purchased with financial lease obligations. As of December 31, 2020, 2021 and 2022, and April 30, 2023, we had current and non-current interest-bearing bank loans and other borrowings of RMB1,174.1 million, RMB1,329.8 million, RMB1,367.2 million, and RMB1,398.2 million, respectively. Our bank loans and other borrowings bore interest at rate equivalents ranging from approximate 3.7% to 9.9% per year. As of December 31, 2020, 2021 and 2022, and April 30, 2023, we recorded RMB73.2 million, RMB81.2 million, RMB76.4 million and RMB24.7 million of interest expenses in relation to the procurement of our equipment, respectively. We are exposed to interest rate risk of our bank loans and other borrowings in relation to the expansion of our equipment fleet during the Track Record Period.

During the Track Record Period, some of the equipment in the equipment fleet had finance lease obligations. With respect to the equipment with finance lease obligations, if there are increase in the interest rates of such finance leases, our interest expenses may increase, which could in turn adversely affect the profit and profit margin for the equipment. For more information, see "Business – Our Equipment Fleet – Source and Ownership of Our Fleet" and "Business – Our Equipment Fleet – Measures to Maintain Quality and Profitability" in the document.

In addition, as our business scale continues to grow at a rapid pace, we may require additional cash resources to finance our continuous growth or other future development plans. The amount and timing of such additional financing needs will vary depending on the growth of our business and the amount of internally generated funds from our operations. Also, the promptness and adequacy of the funding from banks and other financial institutions are subject to many external factors beyond our control, including the financial institutions' internal procedures. If we cannot obtain sufficient and prompt borrowings from bank and other financial institutions at satisfactory interest rates to fund our business, we may be forced to delay or abandon our growth plans, and our liquidity would be negatively affected, adversely affecting our financial condition, results of operations and growth prospects.

Significant fluctuations in the price for our intralogistics equipment subscription services may adversely affect our business, results of operations, financial condition, and prospects.

During the Track Record Period, we derived a large portion of revenue from our intralogistics equipment subscription services, which accounted for 65.2%, 63.0%, 61.8%, and 55.9% of our total revenue in 2020, 2021, 2022, and the four months ended April 30, 2023, respectively, amounting to RMB639.7 million, RMB739.2 million, RMB738.0 million, and RMB243.9 million. We offer a wide variety of intralogistics equipment brands and models to customers through our intralogistics equipment subscription services. For our intralogistics equipment subscription services, we charge customers fees based on duration they use our intralogistics equipment, where they make payments generally on monthly or yearly basis. In addition to duration that customers use the subscribed equipment, we also consider other factors in determining the subscription price, such as equipment types, subscription term, equipment's depreciation, maintenance and repair expenses, and operating expenses. Although the average monthly equipment subscription price (excluding VAT) remained relatively stable during the Track Record Period, which was RMB1,965 per unit in 2020, RMB2,126 per unit in 2021, RMB2,085 per unit in 2022 and RMB2,183 per unit for the four months ended April 30, 2023, there is no assurance that our equipment subscription price will not experience significant fluctuations due to factors beyond our control, including, among others, general economic condition in China, competition and technology development, the occurrence of which may adversely affect our business, results of operations, financial condition, and prospects.

We could be adversely affected as a result of any sales we made to customers in certain countries that are, or become subject to, sanctions administered by the U.S., the EU, the UN, Australia and other relevant sanctions authorities.

Certain countries and international organizations, including the U.S., the European Union, the United Kingdom, and Australia, have, through executive order, passing of legislation or other governmental means, implemented International Sanctions targeting entities and individuals, including Sanctioned Targets, entities and individuals that are nationals of or located in certain Sanctioned Countries, and entities and individuals that are associated with certain industries or sectors in specific countries.

During the Track Record Period, we made sales and deliveries of intralogistics equipment parts to customers in Belarus, Russia, Venezuela, Iran, and Syria (each, a "Relevant Region", and collectively, "Relevant Regions"). Among the Relevant Regions, Iran and Syria are subject to comprehensive U.S. economic sanctions. Russia, Belarus, and Venezuela are not currently subject to comprehensive U.S. economic sanctions, but significant numbers of entities, individuals, and industries in Russia, Belarus, and Venezuela are subject to subject to U.S. economic sanctions.

To the best knowledge of our Directors, in 2020, 2021 and 2022, and for the four months ended April 30, 2023, our revenue generated from transactions related to Relevant Regions was approximately RMB13.9 million, RMB19.0 million, RMB24.0 million and RMB13.8 million, respectively, representing approximately 1.4%, 1.6%, 2.0% and 3.2% of our total revenue for the same periods, respectively. In 2020, 2021, 2022 and the four months ended April 30, 2023, our revenue generated from transactions related to Iran was approximately RMB3.8 million, RMB7.2 million, RMB6.9 million and RMB2.8 million, respectively, representing approximately 0.4%, 0.6%, 0.6% and 0.6% of our total revenue for the same periods, respectively. In addition, in 2020, 2021, 2022 and the four months ended April 30, 2023, our revenue generated from transactions related to Syria was approximately RMB127,000, RMB122,000, RMB108,000 and nil, respectively, representing approximately 0.01%, 0.01%, 0.01% and nil of our total revenue for the same periods, respectively. Similarly, in 2020, 2021, 2022 and the four months ended April 30, 2023, our total revenue generated from sales to customers in Belarus, Russia, and Venezuela was RMB10.0 million, RMB11.7 million, RMB17.0 million and RMB11.0 million, respectively, representing approximately 1.0%, 1.0%, 1.4% and 2.5% of our total revenues for the same periods, respectively.

As advised by our International Sanctions Legal Advisors, we received payments dominated in USD for certain sales to Iran ("**Iran USD Sales**") including 69 distinct transactions to 15 distinct Iran customers with delivery dates between December 2019 and April 2023, in an aggregate amount of approximately USD1.8 million, and payments dominated in USD for certain sales to Syria ("**Syria USD Sales**") including three distinct transactions to one customer in Syria with delivery dates between January 8, 2022 and August 3, 2022 in an aggregate amount of approximately USD26,200. These payments appear to be potential violations of U.S. sanctions regulations that are applicable to transactions with Iran and Syria.

Based on the facts and circumstances and the assessment made by our International Sanctions Legal Adviser, our International Sanctions Legal Adviser has advised us that there is a reasonable likelihood that OFAC may close this matter by issuing a cautionary letter to our Company without imposing any monetary penalty. Alternatively, we may be required to pay an administrative penalty for such Iran USD Sales and Syria USD Sales. If OFAC were to impose a monetary penalty, the base monetary penalty for the violation would be approximately USD912,000, taking into consideration that a VSD is filed to OFAC and that the matter is likely not "egregious" in nature. Such penalty amount is likely to be reduced by OFAC from the likely base penalty amount of approximately USD912,000 to a lower amount during a negotiated settlement process by taking into account mitigating factors such as first-time offense, voluntary disclosure and cooperation with OFAC. Our International Sanctions Legal Adviser has advised that submission of a VSD has materially reduced the legal and reputational risks to us arising from the Iran USD Sales and Syria USD Sales. We have ceased all sales involving the Iran and Syria since May 20, 2023. For further details and our potential risk exposure, please see "Business – Business Activities With Customers in Relation to Countries Subject to International Sanctions" in this Document.

We have implemented numerous internal control and risk management measures by October 2, 2023 to control and monitor our exposure to sanction risks, and undertakes to the Stock Exchange and its related group companies with respect to sanction risks. For more details of related internal control measures and our undertakings to the Stock Exchange and its related group companies, please see "Business – Business Activities With Customers in Relation to Countries Subject to International Sanctions" in this document. If we were in breach of such undertakings to the Stock Exchange, we would be subject to the risk of possible [**REDACTED**] of our Shares on the Stock Exchange.

Sanction laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the UN, the U.K., the United Kingdom overseas territories Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us. For more details of our business operations in the Sanctioned Countries and our undertakings to the Stock Exchange and its related group companies, please see "Business – Business Activities With Customers in Relation to Countries Subject to International Sanctions" in this document.

Our historical results may not be indicative of our future prospects and results of operations.

We recorded revenue of RMB980.6 million, RMB1,172.2 million, RMB1,194.2 million and RMB436.3 million in 2020, 2021, 2022 and the four months ended April 30, 2023, respectively. Although we experienced steady revenue growth during the Track Record Period, we cannot assure you that we can always achieve such growth in the future. Our profitability depends partially on our ability to control costs and operating expenses, which may increase as our business expands, or get affected by factors beyond our control, such as supply shortages due to economic conditions or increases in raw material prices, and industry competition for equipment or qualified personnel. In addition, we may continue to devote resources to expanding our equipment fleet and developing our technologies. Such initiatives may negatively impact our short-term profitability. If our efforts in these initiatives prove ineffective, and we fail to increase revenue, or if our costs and operating expenses grow faster than our revenue growth, our business, results of operations, and financial condition may be negatively affected.

The intralogistics equipment solution industry in the PRC is competitive and we may not be able to compete successfully against existing and new competitors.

According to the CIC, in 2022, the top five market players in China's intralogistics equipment solution market hold a combined market share of 18.2%. A large number of small-scale to medium-scale service providers exist in the market, each of which usually operates and manages less than 100 devices. See "Industry Overview" in this document. Competition may intensify as our competitors expand their equipment fleet or service offerings, or as new competitors enter our existing or new markets. We believe that we compete with our competitors based on a number of factors, primarily including service quality, brand recognition, business scale, price and financial resources. Our competitors may have longer track records, greater financial, technical, sales, marketing and other resources, stronger brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, sale and support of their services. In addition, we may face competition from emerging companies that enter our existing or new markets. These emerging companies may have stronger capital resources, greater expertise in management and human resources, greater financial, technical resources, and better understanding and insight on industry trend and policies than we do. Competition pressures could adversely affect our revenues and operating results by, among other things, adversely affecting market demand for our services, depressing the prices that we can charge or increasing our costs to hire and retain employees. In addition, our competitors may emulate our business model, and we may lose competitive advantages that distinguish ourselves from our competitors. As a result, we may fail to compete successfully against existing and new competitors, which may have a material adverse impact on our business, results of operations, and financial condition.

Maintaining or increasing the utilization rate of our intralogistics equipment is crucial for the success of our business.

During the Track Record Period, our intralogistics equipment had maintained a consistent level of utilization, with rates of 78.9%, 78.5%, 73.1% and 72.7% for 2020, 2021, 2022 and the four months ended April 30, 2023, respectively. The utilization rate for a particular year/period is arrived at by dividing the aggregation of the number of subscribed equipment in each day during the given year/period, by the aggregation of the number of equipment in the fleet each day during same year/period. For details, please see "Business – Our Equipment Fleet" in this document. Our ability to maintain or increase the utilization rate of our intralogistics equipment depends on the overall development trend in the intralogistics equipment solution industry, as well as general economic conditions that may further affect business operations of our customers. In addition, the maintenance, damage, and operating history of relevant equipment can impact customers' decision on whether to engage relevant equipment, resulting in changes of our overall utilization rate. Any fluctuations in market demand may also affect our ability to maintain or increase equipment utilization. Failure to maintain or increase our utilization rate could have an adverse effect on our operations and profitability.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled payments with us through third-party payment arrangements (the "Third-party Payment Arrangements"). In 2020, 2021, 2022 and the four months ended April 30, 2023, the aggregate amount of third-party payments (the "Third-Party Payments") we received from Third-Party Payers was RMB5.3 million, RMB10.4 million, RMB17.9 million and RMB6.2 million, which respectively accounted for 0.5%, 0.9%, 1.5% and 1.4% of our Group's total revenue for the corresponding year/period. Since May 20, 2023, we have ceased to allow our customers to settle payments through Third-Party Payers and all new orders thereafter can only be settled by our customers' own accounts. For further information, see "Business – Third-Party Payment Arrangement." We are subject to various risks relating to such Third-party Payment Arrangements, including possible claims from third-party payers for the return of funds as we have not entered into contractual relations with such payers, and possible claims from liquidators of third-party payers. In the event of any claims from third-party payers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our results of operations and financial condition may as a result be adversely affected.

Improper management or use of our equipment may lead to a shortening of its useful life and/or a decline in market value, which could impact our business.

In addition to general economic conditions and daily use of our equipment by our customers, the useful life and market value of our equipment can also be influenced by the following non-exclusive factors:

- the history and documented records of equipment maintenance and operation;
- whether the equipment has experienced serious incidents;
- the load capacity and lift power of the equipment; and
- the costs and availability of equipment parts.

We cannot guarantee that our current equipment will not be replaced or superseded by more advanced equipment or technique as a result of continuous developments in science and technology. If we are required to replace our current equipment with more advanced ones, we may experience significant depreciation of our current equipment and may not be able to sell it at commercially acceptable prices, or at all.

The decrease in the market value of our equipment may reduce the proceeds we receive in disposing of such equipment, or impact the utilization rates of the equipment. Our business, results of operations, and financial condition may in turn be materially and adversely affected.

We may not be able to maintain, expand or optimize our nationwide service network.

As of April 30, 2023, we have established a nationwide service network consisting of 67 service outlets, covering 47 cities in China. Our service outlets enable us to quickly dispatch technicians and deploy equipment to customers nearby to ensure timeliness of service. For sustainable development, we may need to continue exploring regions with growth potential. Our efforts to expand our operations geographically depend on a number of factors beyond our control, including the macroeconomic conditions and policies implemented by the central and the local governments, the level of competition in the equipment operation service industry, changes in customer demand, prices of equipment and materials, and transportation costs. We may lack knowledge and experience with certain local markets, and our competitors in these new markets may have stronger financial resources, more established presence, better understanding and insight on industry trend and policies, and better understanding of customer requirements and preferences. As such, we may not be able to expand or optimize our nationwide service network within the timeframe or at satisfactory costs, which could adversely affect our operating results.

Our performance is subject to seasonality.

Our business experiences seasonality due to the nature of our intralogistics equipment subscription services and maintenance and repair services, which are primarily provided to customers in the manufacturing and logistics industries. We typically have a lower volume of business around the Chinese New Year holiday in the first quarter of each year as most of our customers take Chinese New Year holiday and stop production and operation or substantially lower production and operation during such period. Correspondingly, we generally observe a surge in business during peak seasons, such as periods around 618 Shopping Festival, Double 11 Shopping Festival, and Double 12 Shopping Festival as logistics companies have higher demand of handling, transferring, sorting, and stacking huge amount of good during such periods. As such, any comparisons of our operating results between different periods within a single financial year are not necessarily meaningful and cannot be relied on as indicators of our performance. Our financial condition and results of operations for future periods may continue to fluctuate, from time to time, due to seasonality.

We may experience failures in or disruptions to our comprehensive technology platform.

We have continuously devoted resources in developing and optimizing our advanced and comprehensive technology platform, namely Intelligent Asset and Operation Management Platform. For details, please see "Business – Our Technology" in this document. If we are unable to detect or promptly remedy any system malfunction or misconfiguration, we may experience system interruptions or delays, which could adversely affect our operating results. In addition, we may experience occasional system interruptions and delays or other technical problems that make platform unavailable or difficult to access, and prevent us from promptly responding or providing services to our customers, which may reduce our customers' willingness to use our platform and even incur losses to our customers who may bring legal proceedings against us. Moreover, failures of, or disruptions to, our information technology systems, loss or leakage of confidential information, or breach of network security could cause processing inefficiencies and the loss of customers and sales, and subject us to increased costs, litigation and other liabilities, which could materially and adversely affect our business, results of operations, financial condition, and our reputation.

The cost of acquiring intralogistics equipment and parts may increase, which may increase our cost of operation, and we may not be able to procure equipment due to supplier constraints.

We procure intralogistics equipment and parts from suppliers to facilitate the sustainable development of our business, in line with our business strategies and market demand for our services. We cannot guarantee that our suppliers will continue to provide us with intralogistics equipment and parts at acceptable prices, or always ensure timely delivery. The cost of intralogistics equipment and parts could increase, due to factors beyond our control, such as inflation, complying with governmental regulations or increased costs of raw materials. If the cost of intralogistics equipment and parts increases, we may not be able to transfer some or all of the increase in procurement costs to our customers. As a result, cost increases could materially adversely affect our business, financial condition and results of operations.

Various factors, such as trade disputes and industry policies and trends, can affect the production of intralogistics equipment and parts. This could result in long lead times for certain types of equipment or parts, and we cannot guarantee that we will be able to acquire sufficient numbers of certain types of equipment and parts according to our expected schedule. As a result, we may not be able to obtain sufficient supplies of necessary replacement equipment or new equipment and parts from our suppliers in a timely manner, which could have a material adverse impact on our business, results of operations, and financial condition.

We rely on a number of key suppliers to supply our intralogistics equipment and parts.

In 2020, 2021, 2022 and the four months ended April 30, 2023, our five largest suppliers in each year/period during the Track Record Period accounted for 50.7%, 49.0%, 46.7% and 41.2% of our total purchases, respectively. In particular, our largest supplier in each year/period during the Track Record Period accounted for 20.7%, 17.7%, 22.1% and 13.4% of our total purchases in 2020, 2021, 2022 and the four months ended April 30, 2023, respectively. We may rely on our key suppliers to provide us with intralogistics equipment and parts. Loss of supply from some of our key suppliers, or a significant adverse change in the relationship with them, could cause interruptions to our business. Our failure to obtain the necessary equipment or parts in a timely manner could substantially limit our ability to meet our contractual obligations to deliver our equipment or parts to our customers or to efficiently deploy our equipment fleet. Any failure to meet such obligations could have a material adverse effect on our reputation, ability to retain customers, market share, and results of operations.

Any loss of or failure to obtain or renew the certificates, licenses, approvals and permits may materially and adversely affect our business, results of operations, and financial condition.

We are subject to extensive PRC laws and regulations at the national and local level, which govern various aspects of our operations. We are required to obtain and maintain certain certificates, licenses, approvals and permits in order to provide our comprehensive service offerings to customers. These operating certificates, licenses, approvals and permits are granted, renewed and maintained upon our satisfactory compliance with, among others, the applicable criteria set by the relevant governmental departments or organizations. For further information, see "Regulatory Overview" and "Business – Certificates, Licenses and Permits" in this document. The certificates, licenses, approvals and permits that we had obtained during the Track Record Period and as of the Latest Practicable Date may only be valid for a limited period of time and may be subject to periodic review and renewal by government authorities or relevant organizations. In addition, the standards of compliance required in relation thereto may change in the future. As advised by our PRC Legal Advisers, the PRC laws and regulations may continue to evolve, which exposes us to the risk of non-compliance. If deemed non-compliant, we could be subjected to administrative or regulatory fines and penalties, including the suspension or revocation of our certificates, licenses, approvals and permits, and our operations may be hindered or halted, which could have a material and adverse effect on our business and results of operations. As the PRC legal system and intralogistics equipment solution industry may continue to evolve, we are also subject to laws, regulations and related compliance requirements, as amended in the future.

We are subject to laws and regulations regarding regulatory matters that may have increased or will increase both our costs and the risk of non-compliance.

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, Hong Kong Stock Exchange and the Securities and Futures Commission, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new regulatory measures under applicable laws. Our efforts to comply with new laws and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

In addition, compliance measures and practice is subject to guidance and interpretation on relevant laws and policies, which may change in the future. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

We may be subjected to litigations, legal or contractual disputes, government investigations or administrative proceedings.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with, or claims from, our suppliers, customers, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved.

On March 1, 2023, a PRC company (the "Claimant") initiated legal proceedings against Anhui Folangsi (the "Anhui Folangsi Proceedings") in the People's Court of Feixi County in Hefei of Anhui Province, the PRC (the "Feixi Court"), pursuant to which the Claimant alleged that (the "Claims") Anhui Folangsi had failed to pay the Claimant for certain construction work performed for Anhui Folangsi. On June 8, 2023, the Feixi Court ordered Anhui Folangsi to pay the Claimant an aggregated amount of RMB376,000 and dismissed other claims of the Claimant. Both we and the Claimant appealed to the Intermediate People's Court of Hefei in Anhui Province (the "Hefei Intermediate Court"). On October 16, 2023, the Hefei Intermediate Court ruled that the Claimant had withdrawn its appeal, and the judgment made by the Feixi Court became effective. In addition, we have fully settled the payment required by the Feixi Court to the plaintiff, which payment had no material impact on our liquidity considering our business scale.

On March 15, 2021, a PRC insurance company (the "Insurance Company") initiated legal proceedings against us in the People's Court of Qingpu District in Shanghai, the PRC (the "Qingpu Court"), pursuant to which the Insurance Company claimed that we should be liable for the losses caused by a fire that broke out at the factory. On March 7, 2022, the Qingpu Court ruled that we and the lessor of the factory where the fire occurred (the "Lessor") shall each respectively pay approximately RMB1.46 million to the plaintiff, and both parties shall be jointly and severally liable for the aforementioned compensation. On March 22, 2022, we appealed to the Shanghai Financial Court. The Insurance Company, the Lessor and the company that leased the factory involved from the Lessor ("Lessee") have also appealed. The Shanghai Financial Court issued a judgment on August 24, 2023, reducing the amount we were initially ordered to compensate by the Qingpu Court. The judgment ruled that we and the lessor shall each respectively pay approximately RMB877,300 to the plaintiff, and both parties shall be jointly and severally liable for the aforementioned compensation. In addition, we have fully settled such payment to the plaintiff, which payment had no material impact on our liquidity considering our business scale. For more information about the legal proceedings, please see "Business – Legal Proceedings and Compliance" in this document.

In May, 2023, a PRC company (the "Claimant") reported us to Weifang High-tech Zone Market Supervision Bureau, claiming that we had infringed the Claimant's trademark rights by placing the Claimant's trademark on 13 forklifts (the "Alleged Infringement Action") provided by us to the relevant equipment subscription client (the "Client A"). The Weifang High-tech Zone Market Supervision Bureau, after investigating the said claims, had issued its decision in June, 2023, ruling in favor of us and having found that there had not been infringement of the Claimant's trademark right by us (the "Decision"). However, in July, 2023, the Claimant had brought proceedings against us at the Intermediate People's Court of Weifang in Shandong Province, the PRC (the "Weifang Court"), claiming that we had infringed its trademark rights by placing a trademark owned by the Claimant on 13 forklifts that we provided to Client A (the "Relevant Proceedings"). Pursuant to the Relevant Proceedings, the Claimant has requested that: (i) we cease Alleged Infringement Action which the Claimant allege to be an infringement of its trademark right, and (ii) compensate the Claimant for the economic loss and the costs incurred by the Claimant in relation to such claims in the total amount of RMB3,912,800. In addition, the 13 forklifts relating to the Alleged Infringement Action have been seized pursuant to a injunctive order granted by Weifang Court in June. The Weifang Court had held a first hearing on September 19, 2023, but had not granted any judgment on the Relevant Proceedings yet.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors, except for the above-mentioned legal proceedings, which would not, individually or in the aggregate, cause a material adverse effect on our business, financial condition, and results of operations. However, if any verdict or award is rendered against us, or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business activities. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products, which further materially and adversely affect our business.

We face risks related to complying with applicable laws, rules and regulations relating to the collection, use, disclosure and security of operating data and related information.

In the ordinary course of our business, we generally collect and process operating data of subscribed intralogistics equipment (such as, location, speed, working time), and service process of our technicians. Laws and regulations governing cybersecurity, information security, privacy and data protection may be amended in the future. On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Data Security Law, which took effect on September 1, 2021. The PRC Data Security Law provides for data security protection obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. The PRC Data Security Law provides that "data" refers to any recording of information by electronic or other means. Data processing includes the collection, storage, use, processing, transmission, provision and public disclosure of data, etc.

Furthermore, on December 28, 2021, the Cyber Administration of China, together with 12 other departments, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on February 15, 2022 and repeals the previous version promulgated on April 13, 2020. According to the Measures for Cybersecurity Review, critical information infrastructure operators purchasing network products and services and online platform operators carrying out data processing activities, which affect or may affect national security, shall conduct a cybersecurity review. Online platform operators holding personal information of more than 1 million users seeking to be listed abroad must apply for a cybersecurity review as well. The interpretation and applicability of the Measures for Cybersecurity Review shall be determined in accordance with the laws and regulations in force at the time, especially the criteria for the determination of the risks that "affect or may affect national security." In addition, on November 14, 2021, the Cyberspace Administration of China issued the Regulations on the Administration of Cyber Data Security (Draft for Comment) (the "Draft Regulations") (《網絡數據安全管理條例(徵求意見稿)》), which reiterate that a data processing operator which processes personal information of more than one million individuals seeking to be listed in foreign countries should apply for the cybersecurity review which differentiate "listing in a foreign country" with "listing in Hong Kong"; moreover, such Draft Regulations also specifically require that if the listing in Hong Kong by a data processing operator affects or may affect the national security, the data processing operator shall apply for cybersecurity review in accordance with the relevant provisions of the state. The above Draft Regulations were released for public comment only and their operative provisions and the anticipated adoption or effective date may be subject to amendments. The future supervision of companies like us depends on the laws and regulations in force at the time. We cannot predict the impact of the Draft Regulations, if any, at this stage, and we will closely monitor and assess any development in the rule-making process.

We pay close attention to risk management relating to our IT system, as storage and protection of operating data and related information is critical to us. For details, please see "Business – Data Privacy and Information Security Risk Management" in this document. However, if the enacted version of the Draft Regulations mandates clearance of cybersecurity review and other specific actions to be completed by companies like us, we may not be able to complete the cybersecurity review in the future or meet the requirements of relevant laws and regulations in force at the time. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government investigations, fines, penalties, suspension of our non-compliant operations, which could materially and adversely affect our business and results of operations.

These and other similar legal and regulatory developments could affect how we design our IT systems, how we operate our business, and how we process data. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

Our success largely depends on the retention of our senior management team and our ability to attract and retain qualified and experienced employees.

Our continued success depends on the efforts of our senior management team and other key employees. As they possess key connections with potential business partners and industry expertise, losing their services may have a material adverse effect on our business. Should any or all members of our senior management team join or form a competing business with their expertise, connections and knowledge of our business operations, we may not be able to estimate the extent of and mitigate such damage. If any of our key employees leaves and we are unable to promptly hire a qualified replacement, our business, results of operations, and financial condition may be materially and adversely affected. In addition, the future growth of our business will depend, in part, on our ability to attract and retain qualified personnel in all areas of our business. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business, results of operations, and financial condition could be materially and adversely affected.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, agents, customers, suppliers or other third parties.

We are exposed to fraud or other misconduct committed by our employees, agents, customers, suppliers or other third parties that could subject us to financial losses, investigation and penalty imposed by governmental authorities as well as seriously harm our reputation. For example, loss caused by misconduct of our technicians in the process of providing maintenance or repair services may cause us to make compensation if we were held to be negligent or reckless and will also cause us to suffer damage to our reputation in the market. In addition, misconduct by the operator(s) of a customer in intralogistics equipment subscription services may cause malfunctions or damages to the subscribed equipment.

Our internal control procedures may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. There will therefore continue to be the risk that fraud and other misconduct may occur, resulting in financial loss, negative publicity or other negative outcomes, which may have an adverse effect on our business, reputation, financial condition, and results of operations.

We recorded net current liabilities during the Track Record Period and may not generate sufficient cash flows in the future to finance our operations or satisfy our current liabilities.

We recorded net current liabilities of RMB301.3 million, RMB148.7 million, RMB267.4 million, and RMB224.3 million as of December 31, 2020, 2021 and 2022, and April 30, 2023, respectively. As of December 31, 2020, 2021 and 2022, and April 30, 2023, we recorded interest-bearing bank loans and other borrowings of RMB1,174.0 million, RMB1,329.8 million, RMB1,367.2 million, and RMB1,398.2 million, respectively. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debts when they become due will primarily depend on future operating and financial performance, including our ability to maintain adequate cash inflows from operating activities and our ability to obtain adequate financing. Our future performance will be impacted by prevailing economic conditions and a range of other business and competitive factors which are beyond our control. Therefore, there is no assurance that we will not experience net current liabilities in the future. The net current liabilities position 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. There is also no assurance that we will always have adequate funds to meet our repayment obligations, or that our historical net current liabilities will not impair our ability to obtain new borrowings to finance our operation or capital commitments. In such circumstances, our business, financial position, results of operations and prospects may be materially and adversely affected.

Failure to accurately forecast market demand may result in excessive or insufficient inventory levels, which could lead to increased costs or losses of sales opportunities.

Incorrect forecasting of demand in the future could result in us experiencing an excess or a shortage of inventories. The failure to manage the increase in our inventories or accurately forecast the demand of our customers may result in the obsolescence of our inventories and adversely affect the result of our business operations. Our inventories primarily consist of intralogistics equipment and parts. Our inventories increased from RMB56.6 million as of December 31, 2020 to RMB69.2 million as of December 31, 2021, to RMB84.5 million as of December 31, 2022, and further to RMB95.2 million as of April 30, 2023. Therefore, maintaining optimal inventory levels is critical to our financial condition and results of operations. We are exposed to risks as a result of a variety of factors beyond our control, including changes in demand for relevant parts as a result of actual use, or incidents occurred during our customers' use of subscribed equipment and preferences and product generation replacement due to technological development. We cannot assure you that we can accurately predict these trends and events and maintain adequate levels of inventory at all times. If orders do not match actual demand, we could have higher or lower anticipated stock levels and this could lead to higher interest charges or less interest income, price reductions, inventory obsolescence or write downs of slow moving or excessive stock resulting in lower profits.

We assess impairment to inventories at each period end during the Track Record Period, and may make provision to write down our inventories to the net realizable value if they become obsolete, out-of-season or are damaged or their prices went down and their net realizable value is lower than the costs. However, we cannot assure you that we will not experience material write-offs in the future. If we cannot manage our inventory level efficiently in the future, it could increase our costs or cause us to lose sales opportunities, and our liquidity and cash flow may be adversely affected.

We may not be able to obtain additional financing or generate sufficient cash from our operations to expand our business or meet unforeseen contingencies.

To grow our business and remain competitive, we may need to obtain financing to support our operations and expansion plans, the success of which depends on a number of factors, including but not limited to general economic and capital market conditions, credit availability from banks and other lenders, and investor confidence. In addition, our ability to generate sufficient cash from our operating activities depends on various factors beyond our control, including competition, general economic conditions in China and the business performance of our customers.

We cannot assure you that sufficient financing will be available to us. The level of our indebtedness and the amount of our interest payments could limit our ability to obtain additional financing or obtain favorable terms for the financing for future capital expenditures and working capital. Without sufficient funds, we will be forced to curtail our operations and expansion plans. Disruption, uncertainty or volatility in the capital markets or credit markets may limit our access to capital funds for our operations and expansion of our business, decrease our profitability, and significantly reduce our financial flexibility. Furthermore, our liquidity also depends on cash generated from operating activities and our cash and cash equivalents. The higher level of our indebtedness may require us to allocate more cash to repay our debts, thereby reducing the amount of general working capital that we can use for daily operations, capital expenditure and other general corporate purposes. As a result, our business, results of operations, and financial condition may be materially and adversely affected.

We may not be able to satisfy our working capital requirements if we experience significant delays or defaults in payments from customers, or significant delays in our billing and settlement process.

We usually require our customers to pay service fees on a regular basis. Our customers may not be able to settle their payment with us in a timely manner or at all. As of December 31, 2020, 2021 and 2022, and April 30, 2023, our trade and bills receivables amounted to RMB239.9 million, RMB269.6 million, RMB294.0 million, and RMB321.7 million, respectively. In the event that our customers experience financial distress or are unable to settle their payments due to us in a timely manner or at all, our results of operations and financial condition may be materially and adversely affected.

Delays or defaults in payments from customers or delayed billing process may adversely affect our ability to satisfy working capital requirements, and in turn increase our working capital needs. We are subject to the credit risk of our customers and rely on the timelines of receipt of progress payment from our customers to meet our payment obligations to our suppliers or financial institutions. If there is any delay of payment from our customers, we would experience a cash flow mismatch when there is a significant timing difference between the making of payments to our suppliers and receiving payments from our customers. If any of our customers runs into financial difficulties or we have disputes with our customers which lead to the delay of payment by our customers to us, we may not be able to receive payments in full or at all. Our trade receivable turnover days decreased from 81.3 days in 2020 to 72.3 days in 2021, increased to 78.1 days in 2022, and remained stable at 78.6 days in the four months ended April 30, 2023. As of December 31, 2020, 2021, 2022 and April 30, 2023, our impairment on trade and bills receivables were RMB21.0 million, RMB15.9 million, RMB19.0 million and RMB21.0 million, respectively. However, we cannot guarantee that such impairment will be sufficient in the future.

While we monitor material overdue payments closely, we cannot assure you that we will be able to recover all or any part of the amounts due from our customers within the agreed credit terms or at all. If we fail to collect such payments at the end of the agreed credit terms, we may take longer than our average turnover days of trade receivables to collect payments and our provisions for payments in arrears and losses may increase. Furthermore, restructuring payments for delinquent customers may result in lower revenue. Any material delay in payment or non-payment by our customers may materially and adversely affect our business, results of operations, and financial condition.

We may face risk regarding investment in associates, and the share of results of an associate may adversely affect our financial performance.

We recorded investment in associates of RMB18.2 million, RMB8.9 million, RMB10.6 million, and RMB9.8 million as of December 31, 2020, 2021 and 2022, and April 30, 2023 primarily due to the initial investment costs in the associates adjusted by sharing the profit or loss of the investees after the date of acquisition. However, our investment in associates may not guarantee a share of profits, and any loss incurred by such associate shall be apportioned among our Group and other shareholders of the associate. If the associate does not perform as expected or does not generate sufficient revenue in any financial year, our return of investment in associates, financial performance and financial position, could be materially and adversely affected.

There can be no assurance that our investment in associates will achieve the results intended and we may be subject to liquidity risk. Our investments in an associate are not as liquid as other investment products as there is no cash flow until dividends are received even if such associate reported profits under the equity accounting. Furthermore, the possibility to promptly sell one or more of our interests in the associate in response to changing economic, financial and investment conditions is uncertain. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in such associate for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us.

Therefore, the illiquidity nature of our investment in associates may significantly limit our ability to respond to adverse changes in the performance of such associate. In addition, if there is no share of results or dividends from the associate, we will also be subjected to liquidity risk and our financial condition or result or operations could be materially affected.

Going forward, from time to time, we may evaluate various investment opportunities, including investment in other associates or joint ventures in relation to associates. Any future investment in associates may entail numerous risks, such as increased cash requirements and additional indebtedness or contingent or unforeseen liabilities.

Any discontinuation, reduction or delay of any government grants, tax refund, or preferential tax treatments would have a material and adverse impact on our business.

During the Track Record Period, we received government grants of RMB2.8 million, RMB1.5 million, RMB1.5 million, and RMB1.0 million in 2020, 2021 and 2022, and the four months ended April 30, 2023, respectively. In addition, we have benefited from preferential tax treatments from the PRC government during the Track Record Period. Our government grants mainly represented subsidies received from the local governments in connection with the business development and rewards for financial and employment contributions. As the determination and granting of such subsidies are subject to the discretion of the government and are non-recurring in nature, the receipt of such subsidies is varied from period to period. We cannot assure you that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and result of operations may be materially and adversely affected.

We may suffer from impairment losses for prepayments, deposits and other receivables.

We recorded prepayments, deposits and other receivables of RMB168.1 million, RMB184.4 million, and RMB202.5 million as of December 31, 2020, 2021 and 2022, and RMB210.7 million as of April 30, 2023, respectively. During the track record period, our prepayments, deposits, and other receivables primarily consisted of (i) current portion of deposits, mainly represented deposits for our leased properties and intralogistics equipment, and non-current portion of deposits mainly represented deposits for finance leases of intralogistics equipment; (ii) prepayments, mainly represented prepayments for [**REDACTED**], rental expenses related to the lease of our branch office, and procurements of parts and other supplies in relation to our operation; and (iii) tax recoverable, mainly represented our prepaid value-added tax and corporate income tax. For details, see "Financial information – Discussion of certain selected items from the consolidated statements of financial position – Prepayments, Deposits, and Other Receivables" in this document. There can be no assurance that we will not have bad debts in the future. In the event that the actual recoverability of prepayments, deposits and other receivables is lower than the expected level, we may need to make provision for impairment of prepayments, deposits and other receivables, which could adversely affect our cash flow position and our ability to meet our working capital requirements, thereby materially and adversely affecting our business, financial position and results of operations.

Some of our property lease agreements were not filed with the relevant government authorities and may in turn subject us to administrative fines.

As of the Latest Practicable Date, we leased 74 properties in various locations with an aggregated GFA of approximately 71,132.1 sq.m. As of the Latest Practicable Date, we had not register 65 of our leased properties, with an aggregated GFA of approximately 36,462.6 sq.m., which were used as office buildings and warehouses. As of the Latest Practicable Date, none of the relevant properties are used as our headquarter or supply chain bases, except for our main supply chain base in Foshan, Guangdong. According to applicable PRC administrative regulations, the lessor and the lessee of a property lease agreement are required to file the property lease agreement with relevant governmental authorities within 30 days after the execution of the property lease agreement. If the filing is not made, the governmental authorities may require that the filing be made within a stated period of time, failing which, they may impose a fine ranging from RMB1,000 to RMB10,000 for each agreement that has not been properly filed. In the event that we are required by the competent authorities to register the property lease agreements, we may be subject to a maximum penalty of RMB0.65 million for the failure to register the property lease agreements, which could adversely affect our financial condition and results of operations.

We may incur additional costs as a result of any dispute or claim arising from the title defects of our leased properties.

As of the Latest Practicable Date, the lessors of nine of our leased properties were unable to provide valid ownership certificates or other sufficient ownership documents to us, representing approximately 5.4% of the total GFA of our leased properties. As a result, we cannot continue to use such properties if the lessors' rights to lease such properties are successfully challenged by any third party. We primarily use these leased properties as offices or warehouses. See "Business – Properties – Leased Properties" in this document. Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our offices. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. If we fail to find suitable replacement properties on terms acceptable to us, or if we are subject to any material liability resulting from third-party challenges for our lease of properties for which we or our lessors do not hold valid title certificates or authorizations, such may adversely affect our business, financial position, results of operations and growth prospects.

We may not be able to renew our current leases or locate desirable alternatives for our offices and warehouses.

We lease properties as our offices and warehouses, and we may not be able to extend or renew such leases on commercially reasonable terms, or at all, as we will have to compete with other businesses for premises at desired locations. Rental payments may significantly increase as a result of the high demand for the leased properties. Moreover, we may not be able to extend or renew such leases upon expiration of the current term and may therefore be forced to relocate the affected operations. This could disrupt our operations and result in significant relocation expenses. We may not be able to locate desirable alternative sites for our offices and warehouses. We may also face the risk of being included in the list of enterprises with abnormal business operations if we fail to extend such leases or relocate the registered address and file such leases with the local authorities. The occurrence of such events could materially and adversely affect our business, financial condition, results of operations and prospects.

Any non-compliance with applicable anti-bribery and anti-corruption laws, economic sanctions and other forms of illegal acts and misconduct by our employees, customers or suppliers may materially and adversely affect our business operations.

We may be exposed to bribery, corruption, economic sanctions or other illegal acts and misconduct committed by our employees, customers, suppliers or any other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. While we have adopted and implemented internal controls and procedures to monitor both internal and external compliance with anti-bribery and anti-corruption laws, regulations and policies, we cannot guarantee that such internal controls and procedures will always be effective in preventing non-compliance and exculpating us from penalties or liabilities that may be imposed by relevant government authorities due to violations committed by our employees. If our employees are found or alleged to have violated anti-bribery or anti-corruption laws and regulations, we may face or be involved in fines, lawsuits and damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to obtain, maintain and protect our intellectual property rights and proprietary information or prevent third parties from any unauthorized use of our technologies.

Our trade secrets, trademarks, patents, software copyrights, and other intellectual property rights are critical to our success. We rely on, and expect to continue to rely on, unfair competition laws and contractual rights, such as confidentiality agreements with our employees and third parties with whom we have relationships to protect our intellectual properties. However, these agreements may be inadequate or may be breached, either of which could potentially result in unauthorized use or disclosure of our trade secrets and other proprietary information to third parties, including our competitors. As a result, we may lose our crucial competitive advantages derived from such intellectual property. Significant impairments on our intellectual property rights may result in a material and adverse effect on our business. In addition, events beyond our control may pose threats to our intellectual property rights, as well as to our brand. Effective protection of our trademarks, patents, software copyrights, domain names, and other intellectual property rights is expensive and difficult to maintain, both in terms of application and costs, as well as the costs of defending and enforcing those rights. Therefore, we cannot assure you that our protection efforts are effective or sufficient to guard against any potential infringement and misappropriation, which could result in our intellectual property rights being narrowed in scope or declared invalid or unenforceable.

We may be involved in intellectual property disputes and claims.

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims are valid or otherwise. The intellectual property laws and relevant regulations, which cover the validity, enforceability and scope of protection of intellectual property rights, may be subject to amendments in the future, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we may be exposed to a higher litigation risk. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation.

Defending against intellectual property claims may be time consuming and costly, and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases, in which case we may need to pay damages or be forced to cease using certain technologies or content that are critical to our services. Any resulting liabilities or expenses or any changes to our services that we have to make to limit future liabilities may have a material adverse effect on our business, results of operations and prospects.

We may not be able to successfully develop or adopt new technologies, which may limit our future growth.

The market for our business operations may change rapidly because of changes in customer requirements, technological innovations, new service offerings, prices, industry standards and domestic and international economic factors. New service offerings and technologies may render existing services or technology obsolete, excessively costly or otherwise unmarketable. If we are unable to introduce and integrate new technologies into our business operations in a timely and cost-effective manner, our competitive position will suffer and our prospects for growth will be impaired, which could have a material adverse effect on our business, financial condition, and results of operations.

Any failure or deterioration of our quality control system could result in defects in our services, which in turn may have a material adverse effect on our business and operations.

The quality of the services that we provide is one of the factors critical to our success. In order to sustain such success, we need to continue to maintain an effective quality control system for our business, particularly for our intralogistics equipment subscription services. The effectiveness of our quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit ever-changing business needs, training programs as well as our ability to ensure that our quality control policies and guidelines are adhered to. Any failure or deterioration of our quality control system could result in defects in our services, which in turn may jeopardize our reputation, reduce demand for our services or even subject us to contractual liabilities and other claims. Any such claims, regardless of whether they are ultimately successful or not, may cause us to incur significant costs, harm our reputation and/or result in significant disruption to our operations. Furthermore, if any of such claims were ultimately successful, we may be required to pay for the claims, which could have a material adverse impact on our business, financial condition, and results of operations.

We may be demanded to pay the outstanding contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities.

During the Track Record Period and up to the Latest Practicable Date, we did not make full social insurance and housing provident fund contribution for certain employees in strict compliance with relevant laws and regulations. As of December 31, 2020, 2021 and 2022, and April 30, 2023, our aggregate outstanding amount of social insurance and housing provident fund contributions were approximately RMB270,000, RMB334,000, RMB442,000 and RMB431,000. As of the Latest Practicable Date, no administrative action, fine or penalty had been taken or imposed by the relevant regulatory authorities against us with respect to our social security insurance contributions or housing provident fund, nor had we received any order or been informed to settle the under-contributions. As advised by our PRC Legal Adviser, an employer that has not made social insurance contributions at a rate and based on an amount prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late payment fee of up to 0.05% per day. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue. In addition, as advised by our PRC Legal Adviser, an employer that has failed to pay the housing provident fund on time or underpaid the housing provident fund in violation of relevant regulations, may be ordered to make the payment within a stipulated deadline. If the employer still fails to make the payment within the stipulated deadline, the employee may apply to the court for compulsory enforcement. As of the Latest Practicable Date, we were not aware of any complaint filed by any of our employees regarding our social security insurance and housing provident fund policy.

However, we cannot assure you that the relevant government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding contributions of the housing provident fund within a stipulated deadline. If we fail to make such payments within the stipulated deadline, the relevant authorities may apply to the court for compulsory enforcement. In addition, as the interpretation and implementation of labor laws and regulations may be subject to amendments in the future, we cannot assure you that our employment practice policy will be deemed to be in full compliance with labor-related laws and regulations in China. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur relevant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

Labor shortage or increase in labor cost may affect our business growth and profitability.

Our services rely on recruiting and retaining qualified professionals and successful training of these professionals. According to the CIC, the aging population in China has led to the insufficient supply of labor in some industries, which has in turn led to an increase in labor costs. With the intensification of the aging problem of workforce in the PRC, professionals with health conditions suitable for the intralogistics equipment solutions industry may be in short supply. As a result, we may incur more costs to hire suitable professionals. If our recruitment and retention efforts are not successful, qualified professionals may not be integrated into our workforce in a timely manner to meet our business needs.

In 2020 and 2021, 2022 and the four months ended April 30, 2023, our employee benefit expenses (excluding directors' and supervisors' remunerations) were RMB149.6 million, RMB197.6 million, RMB215.1 million and RMB44.6 million, respectively, which constituted a significant portion of our cost of sales, administrative expenses, and distribution and selling expenses. For further details of our employee benefit expenses, please see Note 7 of the Accountants' Report set out in Appendix I to this document. It is expected that the labor cost in the PRC will continue to increase, and the PRC Government may promulgate additional laws and regulations on labor protection, such as increasing the statutory minimum wage. Such developments may place a heavier burden on us as an employer and we may have to pay more benefits to employees. Any significant increase in our direct labor cost will increase our cost of sales. If we cannot transfer the increased cost to customers, our business, financial condition, and results of operations may be materially and adversely affected.

During the Track Record Period, we did not experience any labor shortage or significant increase in labor cost which had a material impact on our daily operation or profitability. However, we cannot guarantee that we will not experience shortage of skilled labor or the labor cost will not increase in the future or that our performance of contracts or profitability will not be adversely affected.

Accidents in our business or in relation to our intralogistics equipment subscription services may expose us to liability and reputational risk.

Accidents, such as work injuries, may occur during the course of our business. In particular, the operation, and maintenance of our equipment carry inherent occupational risk of accidents. As a result, we are exposed to risks in relation to work safety, including but not limited to claims for injuries, fatal or otherwise, sustained by our employees. To the extent that we incur additional costs, we may suffer material adverse effects on our business, results of operations, financial condition and brand value. We may be held liable for the injuries of employees or others. In addition, accidents may also occur when third parties are using the equipment subscribed, which may be difficult to detect and prevent could also subject us to financial loss, sanctions imposed by governmental authorities and seriously harm our reputation. Such accidents may occur as a result of (i) the defective equipment which we purchased from our suppliers or (ii) third parties improper use of the equipment. With respect to the defective equipment, although we will conduct safety and quality checks of purchased equipment to make sure they meet our operation standards, there is no guarantee that we will be able to identify any defects of such equipment. In addition, we cannot guarantee that our customers will properly operate our equipment afterwards. If accidents happen in relation to our equipment after such equipment is delivered to our customers, we may incur significant time, efforts and costs to deal with such accidents upon occurrence of such accidents even without our fault. Furthermore, if such accidents are wrongly publicized, our reputation and reliability may be harmed, and our customers may end their cooperation with us.

In addition, we cannot guarantee that our insurance may fully cover the claims or costs arising from such accidents. See "– Our insurance coverage may not sufficiently cover the risks related to our business" in this section. We may also experience interruptions to our business and may be required to change the manner in which we operate as a result of governmental investigations or the implementation of safety measures upon occurrence of accidents. Moreover, such occurrences may also damage our reputation and brand in the intralogistics equipment solution industry. Furthermore, certain claims arising from accidents may be the result of defects in equipment purchased from third-party suppliers. Such third-party suppliers may not indemnify us for such defects or may only provide us with limited indemnification that is insufficient to cover our or clients' damages resulting from the product liability claim. Any of the foregoing could adversely affect our reputation, brand, business, results of operations, and financial condition.

Our business operations are subject to various environmental, health and safety laws and may be exposed to pertinent litigation or other liabilities.

We are subject to various occupational health and safety and environmental laws and regulations governing, among other things, the generation, storage, handling, use, transportation, presence of or exposure to hazardous materials and the emission and discharge of hazardous materials into the ground, air or water and the health and safety of our employees.

With the social development, the PRC government or the relevant government authorities in the PRC may impose more stringent environmental, occupational health and safety laws, regulations and government policies in the future, and we cannot assure you that we will be deemed to be in full compliance with relevant laws, regulations and government policies in force at that time. In the event that the PRC government imposes more stringent environmental, occupational health and safety laws, regulations and government policies, we may need to make significant capital or operating expenditures to comply with the new laws and regulations, and we may be unable to pass on these costs to our customers.

Any change or amendment to these laws, regulations or government policies may require us to introduce new preventive or remedial measures, purchase new pollution control equipment and update our compliance and monitoring systems in order to ensure compliance, which may have a material and adverse effect on our business, financial condition and results of operations.

Our current risk management and internal control system may not be sufficient to protect us against various risks.

Our business operation is exposed to various risks, primarily including credit risk, market risk, liquidity risk, operational risk and legal and compliance risk. To manage such risks, we have established, and will continue to improve, our risk management and internal control system. See "Business – Risk Management and Internal Control" in this document. However, we cannot assure you that such risk management and internal control system will be effective in identifying, monitoring and mitigating all types of risks.

Our risk management capability is limited by the information, tools and technologies available to us. As some of our risk management measures are based on our historical market data and management's judgment, they may not accurately predict the types of risks that may arise in the future. In addition, we have developed and continually updated our IT systems for risk management and internal control, but we cannot guarantee that such systems would achieve the expected results or will not experience disruptions from time to time. See "– We may experience failures in or disruptions to our comprehensive technology platform" in this section. We also rely on our employees to effectively implement our risk management and internal control system. However, we cannot guarantee that our employees will always comply with or properly implement the relevant internal policies and procedures. If we are unable to effectively improve our risk management and internal control system, or timely achieve the expected results, our business, financial condition, and results of operations may be materially and adversely affected.

Negative publicity about us, our Shareholders and affiliates, our brand and our management may have a material adverse effect on our business, reputation, and the [REDACTED] price of our Shares.

Negative publicity about us, our Shareholders and affiliates, the equipment we provided, including possible defects of the equipment, even without our fault, our service quality, our brand, our management and other aspects of our business operations may arise from time to time. They may appear in the form of comments on internet postings and other media sources. For example, in the event that we fail to meet our customers' expectations as to the quality of our services, our customers may disseminate negative comments on social media platforms. In addition, our customers or suppliers may also become the subject of negative publicity for various reasons, such as customer complaints about the quality of their services. Negative publicity about our customers or suppliers, their business, results of operations and financial condition could adversely affect our reputation, business and share price. In the long term, if such negative publicity about us, our Shareholders and affiliates, our brand, our management and other aspects of our business operations damage our reputation and result in a loss of customer confidence, it would affect our future ability to attract and retain new customers and employees. As a result, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

Our business operations and reputation may be materially and adversely affected by delays in the delivery or poor handling of our equipment and parts by external logistics service providers.

During the Track Record Period, we engaged external logistic companies to deliver our equipment, relevant parts to our customers. The timely delivery of our equipment and parts depends highly on, among others, the external logistics service providers' ability to fulfil their obligations in accordance with the terms of respective service contracts, such as their responsiveness to our logistic orders and provide us the required logistic services. Any failure to provide on-time delivery may have a material adverse impact on our business operations and reputation, as well as expose us to potential contractual claims with our external logistics service providers or our customers. In such events, we may not be able to seek full indemnity from the external logistics service providers or enforce in full any favorable judgment obtained.

Further, we may also be obligated under the respective service contracts with our customers to compensate them for any loss or damage incurred due to failure to comply with the terms. Any contractual disputes about material breaches by our external logistics service providers, which may arise in the future, may severely affect our business operations and divert our management's attention and resources.

Our insurance coverage may not sufficiently cover the risks related to our business.

We maintain insurance policies against major risks and liabilities arising from our business operations. For details, see "Business – Insurance" in this document. We cannot assure you that our insurance coverage will be sufficient or available to cover damage, liabilities or losses we may incur in the course of our business. Moreover, there are certain losses for which insurance may not be available for us on commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, war or civil disorder. In the event of a dispute with our insurers, we may be required to engage in protracted litigation or negotiations in order to obtain benefits for which we are legally due, and those efforts may be wholly or partly unsuccessful. If we are held responsible for any such damage, liabilities or losses and there is an insufficiency or unavailability of insurance, there could be a material adverse effect on our business, results of operations, and financial condition.

The potential loss of our contracts due to force majeure events or other reasons beyond our control could materially and adversely affect our business, results of operations, and financial condition.

In accordance with PRC laws, if any force majeure event or any event beyond our control happens, our customers may terminate the contracts, and they may only be required to compensate the us after taking into consideration the depreciation of the equipment and shall not be obliged to make service payments in full in the event that the contracts have been terminated due to damage to or loss of the equipment as a result of force majeure or other reasons that are not caused our customers. If the equipment subscribed are damaged or lost due to the foregoing reasons which result in termination of the relevant contracts, we may be forced to assume losses to the extent our insurance coverage is inadequate. Any uninsured loss could materially and adversely affect our business, results of operations, and financial condition.

Changes and development in the regulatory environment over the industries in which our customers operate could negatively impact our own results of operations and financial condition.

We provide services primarily to customers in the manufacturing, logistics, and trading industries in China. See "Business – Our Customers and Suppliers – Our Customers" in this document. Our customers in these industries could be vulnerable to changes in the regulatory environment of the industry in which they operate.

We cannot guarantee that the regulatory environment over the industries in which our customers operate will remain favorable in the future. The government could reduce the amount of tax or policy incentives available to enterprises in these industries. Any material and adverse change could lead to a significant revenue decline. If any of the above happens to one or more of the industries in which our customers operate, our customers' business operations and expansions could be materially and adversely affected, leading to significant decline in their needs for intralogistics equipment solutions. As a result, our results of operations and financial condition could in turn be materially and adversely affected.

Any catastrophe could severely disrupt our business operations.

Health pandemics, such as the COVID-19 outbreak or other similar diseases, may adversely impact in the long term, on the economy and social conditions globally, which may cause temporary decrease in service demand for intralogistics equipment subscription services and maintenance and repair service, and adversely affect our business, financial condition and operations. For details, please see "Business – Impact of COVID-19 on Our Operations" in this document.

Our operations are also vulnerable to interruption and damage from natural disasters and other calamities. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophes or extraordinary events were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our services to our customers and could decrease demand for our services, and therefore adversely affect our operations and financial conditions.

We are subject to the risks of doing business in multiple jurisdictions.

We face risks associated with operating in multiple jurisdictions, especially in overseas markets where we sell intralogistics equipment, equipment parts. Our business and financial results in the future could be adversely affected due to a variety of factors, including:

- changes in a specific country's or region's political and cultural climate or economic condition;
- unexpected changes in laws and regulatory requirements in relevant jurisdictions;
- the occurrence of economic weakness, including inflation or political instability;
- the burden of complying with a variety of foreign laws, including difficulties in enforcement of contractual provisions;
- inadequate intellectual property protection in certain jurisdictions;
- enforcement of anti-corruption and anti-bribery laws;
- trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- delays resulting from certain barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment;
- the effects of applicable local tax regimes and potentially adverse tax consequences;
- significant adverse changes in local currency exchange rates; and
- business interruptions resulting from geo-political actions and cultural climate or economic condition, including war and acts of terrorism, natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires, or the impact of public health pandemics or epidemics.

Furthermore, global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors, including extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

Changes in the political and economic policies, as well as the interpretation and enforcement law, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are affected by economic, political, and legal developments in the PRC. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects.

We shall comply with the applicable PRC laws, rules and regulations. With the social development, the relevant PRC laws, rules and regulations in force at present may be amended in the future, and their interpretation and implementation shall be determined in accordance with relevant laws and regulations in force at the time. Any non-compliance with any existing or new laws and regulations could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.

We are incorporated under the laws of the PRC, and all of our assets are located in the PRC. In addition, a majority of our Directors, Supervisors and senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may not be possible to effect service of process within the United States or elsewhere outside the PRC upon us or our Directors, Supervisors and senior management personnel.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "Arrangement") which was taken into effect on August 1, 2008. Pursuant to the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a mainland court is expressly selected as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People's Court and the Hong Kong SAR Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong SAR and the mainland China. The New Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong SAR. The New Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the New Arrangement becomes effective, it may be difficult to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Under the applicable PRC tax laws, both the dividends we pay to non-PRC resident individual holders of shares ("**non-resident individual holders**"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to PRC enterprise income tax at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (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) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay Enterprise Income Tax for the dividends declared and paid by us at a tax rate of 5% if the Hong Kong non-resident enterprise is the beneficial owner of the equity and certain other conditions are met.

For non-resident individual holders, gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (財政部、國家稅務總局關於個人所得稅若干政策問題的通知), income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise are exempt from individual income tax for the time being. According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) issued by the MOF and the SAT, effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the Ministry of Finance and the State Administration of Taxation should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the Ministry of Finance and the State Administration of Taxation.

Therefore, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers of the H Shares.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC tax laws and regulations may continue to evolve. For example, under the Individual Income Tax Law ("**IIT Law**") which was amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals which have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rate on their income gained within or outside the PRC. The Standing Committee of NPC has approved the amendment of the IIT Law, which took effect on January 1, 2019. Under the amended IIT law, foreign nationals have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be materially affected, which may in turn have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further refinement of PRC tax laws and regulations could also have an adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and their liquidity and [REDACTED] following the [REDACTED] may be volatile.

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of the [**REDACTED**]. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**].

We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]). A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for the H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will not decline following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per Share of their Shares if we [**REDACTED**] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

There will be a gap of several days between pricing and [REDACTED] of our H Shares, and the price of our H Shares when [REDACTED] begins could be lower than the [REDACTED].

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

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

During the Track Record Period, a vast majority of our expenditures were denominated in Renminbi, and a vast majority of our financial assets are also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including [**REDACTED**] from the [**REDACTED**], as Renminbi is the functional currency of our Company and our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Payment of dividends is subject to restrictions under the PRC law and we cannot assure you whether and when we will pay dividends.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years. The calculation of our distributable profits under the PRC GAAP differs in many aspects from the calculation under HKFRS. Moreover, our operating subsidiaries in China may not have distributable profit as determined under the PRC GAAP. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Facts, forecasts and statistics in this document relating to the PRC, the global economy and intralogistics equipment solution industry may not be fully reliable.

Facts, forecasts and statistics in this document relating to the PRC, the global economy and the intralogistics equipment solution industry in China and oversea markets are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by CIC that we commissioned. However, we cannot assure you the quality or reliability of these sources. Neither we, the Sole Sponsor, [**REDACTED**], [**REDACTED**], [**REDACTED**], [**REDACTED**], the [**REDACTED**], [**REDACTED**] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document relating to the PRC, the global economy and intralogistics equipment solution industry in China and oversea markets may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries.

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

There had been, prior to the publication of this document, and there may be, after the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. We have not authorized the disclosure of any information concerning the [**REDACTED**] in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or in conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.