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

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 headed "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We generate the majority of our revenue from a small number of third-party e-commerce platforms. Disruptions of our relationships with third-party e-commerce platforms, changes in, or interpretation of, policies of such third-party e-commerce platforms or unfavorable changes in our arrangements with them, could have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period, we primarily sold our products through third-party e-commerce platforms, especially Amazon, Walmart and Wayfair, to consumers. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated from sales through third-party e-commerce platforms was RMB8,233.4 million, RMB5,878.0 million, RMB6,656.9 million, RMB1,933.1 million and RMB2,105.3 million, respectively, accounting for 90.8%, 82.8%, 76.7%, 79.7% and 74.3% of our total revenue, for the same years/periods, respectively. We expect that sales through such third-party e-commerce platforms will continue to contribute the majority of our total revenue in the foreseeable future. As such, our profitability and business performance rely on, among other things, the continued strong business relationships between third-party e-commerce platforms and us.

We have entered into standard agreements with third-party e-commerce platforms such as Amazon, Walmart and Wayfair. We cannot guarantee that we will be able to maintain and renew our agreements on favorable terms, or at all. In the case that third-party e-commerce platforms amend the terms of agreements or render such terms unfavorable to us, our business performance, results of operations and profitability may be materially and adversely affected. In addition, if stricter laws and regulations or other regulatory requirements on e-commerce activities are established and impose additional compliance obligations on us, we may incur significant compliance costs.

Moreover, our business on third-party e-commerce platforms is governed by the policies and enforcement of these platforms. For example, because the platforms have discretion in interpreting and enforcing their rules and policies, which are out of our control, our operation of multiple stores to facilitate the tailored product listings under diverse product categories and conduct tailored sales and promotion efforts may be challenged if the relevant e-commerce platforms challenge our underlying business reason for such operation. See "Business — Our Sales Network — Seller Store Management." In such cases, such platforms have the authority to suspend or terminate our seller accounts, seller stores or sales activities for reasons such as the way our online stores are managed and operated. They may also withhold our sales proceeds for a duration under certain conditions, or we may have to cancel orders, which will incur related costs. During the Track Record Period, certain of our sales and marketing activities were identified in violation with relevant platform policies by Amazon. See "Business — Marketing and Promotion — The Amazon Incident." We cannot assure you that third-party e-commerce platforms will not adopt new policies or change existing policies that may materially and adversely affect us. Any disruption or termination of our ability to sell products on these platforms could significantly affect our sales network, customer base and overall business performance.

Furthermore, our sales of products depend on the proper operation of third-party e-commerce platforms. However, we do not have control over such third-party e-commerce platforms, and they may be vulnerable to damage or interruptions such as power failure, computer viruses, acts of hacking, vandalism and similar events. Any material interruption or damage to the e-commerce platforms may have an adverse effect on our business, financial condition and results of operations.

We may not identify or respond in a timely manner to changes in consumer preferences and market demand, or fail to continuously design and develop new products to meet the evolving consumer demand, which may materially and adversely affect our business operations and financial performance.

Our business operations and future growth depend on our ability to identify and promptly respond to consumer preferences and market demand, which may change from time to time subject to factors beyond our control, such as changes in consumption willingness, purchasing power and evolving consumer demographics. We have consistently invested in product development and implementing effective sales and marketing activities to stay abreast of market trends. However, we cannot assure you that our efforts will always be effective. If we are unable to predict and promptly respond to consumer preferences or market demand, we may fail to continuously develop products with wide market acceptance, capture emerging growth opportunities, adopt competitive sales strategies or properly manage our inventory. Such failure could negatively impact our brand image and result in diminished consumer experience. Any of these occurrences could materially and adversely affect our business, prospects and results of operations.

Furthermore, to cater to the different market demand, we consistently develop new brands as well as design and launch new products. However, we cannot assure you that such efforts will be successful. The success of new brands and products depends on multiple factors, including those beyond our control, such as industry trends, market demand, regulatory approvals, production efficiency, competition and consumer acceptance. Failure to launch new brands products may materially and adversely affect our business, financial condition and results of operations.

We rely on manufacturing partners to produce our products. If our manufacturing partners fail to produce products that are of consistently high quality, or if we encounter issues such as material shortage or delay in the supply, or if raw materials and labor costs fluctuate, or if we fail to renew agreements with our manufacturing partners on favorable terms, or at all, our business, financial condition and results of operations could be materially and adversely affected.

We rely on manufacturing partners for the production of our products. We may experience operational difficulties with our manufacturing partners, including insufficient production capacity, failure to meet quality control standards, product specifications and production deadlines as well as delays in delivery of products. In addition, our manufacturing partners may experience disruptions in their manufacturing operations due to various factors beyond their control, including equipment breakdowns, labor strikes or shortages, raw material shortages, cost increases, violation of environmental, health or safety laws and regulations and national and industrial standards in terms of product safety and quality, natural disasters, health epidemics, fires or other problems. If we fail to timely replace our manufacturing partners affected with qualified substitutes under our selection criteria, the occurrence of any such events could cause additional costs or substantial delays.

Moreover, our manufacturing partners procure raw materials before commencing production, therefore our procurement costs for our sales of goods are impacted by the costs of raw materials as well as our manufacturing partners' labor costs. Changes in the procurement costs may affect our cost structure. The prices of various raw materials for our products fluctuated during the Track Record Period and may continue to fluctuate in the future. See "Industry Overview — Cost Analysis." If we are unable to control our costs, our business, results of operations and financial condition would be materially and adversely affected.

Furthermore, we cannot guarantee you that we will always be able to maintain and renew the agreements with our manufacturing partners on favorable terms, or at all. It may take significant time or resources to identify manufacturing partners that have the capability and resources to produce products to our specifications in sufficient volume, which could have an adverse effect on our business, financial condition and results of operations.

If we fail to compete effectively and successfully, our business operations, financial performance and profitability may be materially and adversely affected.

We primarily compete in the global B2C e-commerce market for furniture and home furnishings. We also compete in the B2C export e-commerce logistics solutions market. The development of the global B2C e-commerce market and the B2C export e-commerce logistics solutions market is subject to uncertainties and may be impacted by factors such as changes in relevant laws and regulations, changes in consumer demand and public health incidents. In addition, our ability to compete effectively against existing or potential competitors depends on various factors, such as brand reputation, the diversification of product portfolio, product quality, sales and marketing capabilities and customer acquisition and retention capabilities. Some of our competitors may have competitive advantages in these areas. As competition intensifies and the presence of potential competitors increases, we may need to devote more management, financial or human resources. If we are not able to compete effectively, our market share could decline and our business, financial performance and profitability could be materially and adversely affected.

Any adverse changes in macroeconomic situations, such as fluctuations in interest rates, or economic downturn in the U.S. or Europe, or deterioration in political and economic relations among countries, may negatively and materially affect our business, financial condition and results of operations.

During the Track Record Period, our consumer base primarily spans across the U.S. and Europe. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated in the U.S. amounted to RMB5,355.0 million, RMB5,047.1 million, RMB6,113.0 million, RMB1,762.9 million and RMB1,997.5 million, respectively, accounting for 59.0%, 71.1%, 70.4%, 72.7% and 70.5% of our total revenue, respectively, for the same periods. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our revenue generated in Europe amounted to RMB2,776.5 million, RMB1,064.2 million, RMB773.8 million, RMB254.9 million and RMB232.3 million, respectively, accounting for 30.6%, 15.0%, 8.9%, 10.5% and 8.2% of our total revenue, respectively, for the same periods. However, we cannot assure you that we will be able to continue to maintain our market presence in the U.S. and Europe in the future. In the event that there are significant changes in consumers' spending patterns, and if we are unable to respond effectively to the U.S. and Europe markets or offer competitive prices to our consumers in the U.S. and Europe markets, our business, financial condition and results of operations could be adversely affected.

In addition, macro-economic factors, such as changes in global or national economic and political conditions, changes in the regulatory environment, fluctuations in interest rates, inflation, consumer preferences and employment levels, may affect the overall performance of the economies of the U.S. and Europe, and may cause significant changes in consumers' spending patterns or our costs of doing business.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries. Exports of our products must be made in compliance with various economic sanctions and export controls laws in different jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to certain countries or regions, governments and persons targeted by U.S. sanctions. European Union sanctions also have similar regimes to prohibit the provision of products to countries or regions, governments and persons on their respective target list. There were no U.S. sanctions or European Union sanctions imposed on our products during the Track Record Period and up to the Latest Practicable Date. We cannot assure you that our products would not be provided to those targets through independent distributors. Any such provision could have negative consequences, including government investigations, penalties and reputational harm. We could be subject to future enforcement action with respect to compliance with governmental economic sanctions and export controls laws that result in penalties and costs that could have a material effect on our business and operating results. Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future. Sales of our products and services in certain countries could be materially and adversely affected by international trade regulations. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are out of our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S., Europe or other jurisdictions in the future, may be difficult or costly to comply with. In addition, the restrictions may also subject us to regulatory investigations, fines, penalties or other actions and reputational harm.

We are exposed to the risks relating to third-party logistics solutions providers.

Our delivery arrangements can be broadly divided into: (i) fulfillment services provided by third-party e-commerce platforms; (ii) logistics solutions offered by various third-party logistics solutions providers; and (iii) our in-house logistics capabilities through Shenzhen Westernpost. Our collaboration with third-party logistics providers could expose us to potential service disruptions or inefficiencies. If these providers fail to meet their service obligations due to operational issues, financial difficulties or other unforeseen circumstances, our ability to deliver products to customers in a timely and cost-effective manner may be impacted, which could cause a decline in product sales and loss of revenue. In addition, improper handling of our products by the logistics solutions providers could also result in product damage, which could lead to product liabilities or claims and damage our brand image and reputation. Furthermore, fluctuations in the prices of logistics solutions affect our ability to provide cost-effective products to our customers, and may materially and adversely affect our business, financial condition and results of operations. Any of these events could materially and adversely affect our business, financial condition and results of operations.

Changes in international trade policies between China and the U.S. or other countries our end-consumers are located in may have an adverse effect on our business.

Relationships between countries and regions could affect levels of trade, investment and other cross-border economic activities, which would have a material adverse effect on global economic conditions and the stability of global markets. Any of these factors could have a material adverse effect on us and our logistics solutions customers' business, prospects, financial condition and results of operations. If there was any further escalation of tensions between the U.S. and China, we cannot assure you that our business will not be affected in the future. From time to time, the U.S. government may also impose restrictions that may adversely affect our industry and/or cause changes of the policies of third-party e-commerce platforms, and/or affect the entry of our products into the U.S., the occurrence of which may adversely affect our business, financial condition and results of operations.

Changes in international trade policies, treaties and tariffs between China and the countries our end-consumers are located in, particularly between China and the U.S., may affect the demand for our products, impact the competitive position of our products, or prevent us from being able to sell products in certain countries. There have been political matters which resulted in increased tensions between the U.S. and China. The U.S. implemented several rounds of import tariffs on products of Chinese origin in hundreds of categories in the Harmonized Tariff Schedule of the U.S., and the PRC government has also been imposing tariffs on certain products imported from the U.S. into China responding to the U.S. tariffs. In particular, with the additional tariffs on products of Chinese origin, sellers in the PRC B2C e-commerce for furniture and home furnishings industry would likely pass the costs of the tariffs on to end-consumers. See "Regulatory Overview — Laws and Regulations Related to Our Business in the U.S. — Trade Sanction — Section 301" and "Business — Our Sales Channel — Our Sales in the U.S." for details. As a result, without the impact of additional tariffs, the peers in other countries and regions, such as Southeast Asia, with relatively lower sales prices, could gain market share and improve their price competitiveness. It is uncertain whether any further tariff restrictions will be implemented and whether our products sold to the U.S. will be imposed such additional tariffs. There was no material increase in import tariffs of the U.S. or European Union on our products during the Track Record Period and up to the Latest Practicable Date. In addition, according to the U.S. Customs' statutes and regulations, third-party logistics solutions providers are generally responsible for the tariff declaration and other responsibilities associated with the importation and ensures the compliance of our tariff declaration. If they fail to timely and adequately complete the tariff declaration, we may be subject to penalties in certain cases, and hence adversely affect our financial condition and business performance.

Failure of efficient inventory management may have a material and adverse effect on our business and financial performance.

Our inventories primarily include finished goods. As of December 31, 2021, 2022, 2023 and April 30, 2024, we had inventories net of allowance of RMB1,379.8 million, RMB1,026.6 million, RMB1,045.8 million and RMB1,195.7 million, respectively, and had made provision for inventories of RMB1,069.8 million, RMB304.8 million, RMB39.5 million and RMB44.8 million as of the same dates, respectively. Our inventory turnover days were 118.5 days, 170.5 days, 101.3 days and 101.0 days in 2021, 2022, 2023 and the four months ended April 30, 2024, respectively. See "Financial Information — Consolidated Statements of Financial Position — Current Assets and Liabilities — Inventories." Our inventory level is subject to various factors which are beyond our control; failure to forecast consumer demand or any unexpected event affecting the sales of our products could result in increased inventory obsolescence, a decline in inventory value or inventory write-downs. There can be no assurance that we will be able to maintain optimal inventory level, and any such failure may have a material adverse effect on our business, financial condition and results of operations.

Our investment in product development and technology may not generate expected outcomes.

Our future success, in part, depends on our ability to continue to upgrade our existing products and to develop, design and launch new products, which requires significant human and capital resources. In 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, our research and development expenses were RMB176.8 million, RMB123.7 million, RMB119.2 million, RMB35.5 million and RMB37.8 million, respectively. We intend to continue to strengthen our product development capabilities, which can be capital intensive and time consuming. If we are unable to design, develop, manufacture and market new products successfully in a timely manner, our business and results of operations may be adversely affected. If we fail to generate ideal results from our research and development, there may be a waste of capital and human resources, which may adversely affect our business, results of operations and financial condition.

We believe that technology will continue to be an important driving force for our business growth. We have invested, and we intend to continue to invest significantly, in technology, automation and business intelligence tools, to optimize our operations. This plan mainly is manifested in various aspects of our business operations. However, technological changes are rapid, and we may not be able to keep abreast of the latest development; as a result, our technology systems may become obsolete. There is no guarantee that our investments in technology initiatives will generate sufficient returns or that they will have the expected effects on our business operations. If our technology investments do not meet our expectations for the above or other reasons, our prospects, cash flow and results of operations may be adversely affected.

Any quality issues related to our products could result in a loss of customers and may subject us to product liability claims and reputational risks.

Our business operations and brand reputation rely on the consistent product quality. We have implemented a stringent quality control system to ensure the high standard of our products. See "Business — Quality Control." However, the system may not always be successful in detecting defects or quality issues, especially if they originate from factors beyond our direct control. We may be subject to product liability claims related to our products. Such claims could stem from allegations or proof that our products are unsafe or defective. The failure to detect, prevent, or control defects in our products, as well as the delivery of defective products to consumers, could adversely affect our business.

If any products sold by us are alleged to be unsafe or defective, we may experience reduced sales of the relevant products and may have to recall them from the market. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall, nor had we experienced any material product liability claim. Nevertheless, we cannot assure that such recalls will not occur, or such claims will not be filed against us in the future. Any claims made against us could have a material adverse effect on our reputation, business, financial condition and results of operations. Any product recalls or any claims against us, regardless of merit, can strain our financial resources, hurt our reputation and consume the time and attention of our management. If any claims against us are successful, we may incur liabilities, and our reputation may be severely damaged.

Any unexpected or prolonged disruption to our warehousing network could adversely affect our business.

As of April 30, 2024, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft. in main port cities in the U.S. (including Los Angeles, Houston, New Jersey and Chicago) and Europe (mainly Germany). See "Business — Supply Chain Management — Inventory Management." In the event that there is any unexpected and prolonged disruption in the supply of utilities, such as water or electricity, or access to the premises, such as because of fire, and we cannot restore the affected warehouse, or relocate to another suitable location promptly with well-equipped facilities, our business operations will be materially and adversely interrupted, which in turn will affect our results of operations. If any of our warehouses experiences a material incident or our prevention measures are not adequately implemented in the future, we may lose the goods stored therein, incur significant costs and expenses to restore or to relocate such warehouses, or be determined by the relevant authorities to be in violation of applicable laws and regulations and subject to relevant administrative penalties. If such an incident causes damages to other third parties, we may also be required to compensate if we are determined to be partially or fully responsible for such incident. Under such circumstances, our business, financial condition and results of operations may be adversely affected.

Furthermore, as all warehouses we operate for providing logistics solutions through Shenzhen Westernpost are leased, we are exposed to risks in relation to unpredictable and increasing rental costs and relocation costs. Our landlords could increase the rent or impose more stringent payment terms when negotiating to renew our leases, which could in turn adversely affect our profitability and results of operations. We may not be able to successfully extend or renew such leases upon expiration, on commercially reasonable terms or at all, and may be forced to relocate our warehouses or offices to other sites. Such relocation may disrupt our operations and incur significant relocation costs and capital expenditures in relation to the installation of warehousing facilities and technology systems, and could in turn adversely affect our financial condition. Further, we cannot assure you that we will be able to relocate such operations to suitable alternative premises in a timely manner or at all, and failure in relocating our operations when required could result in disruption to our business operations. In addition, we compete with other businesses for premises at certain locations or of desirable size. In the event that we fail to relocate our operations in a timely manner, our financial position, results of operations and reputation would be adversely affected. We also lease out some idle warehouse space to third parties. Therefore, we are exposed to risks in relation to liability for damage or loss of stored goods, challenges in ensuring compliance with applicable regulations, and the possibility of contractual disputes arising from unclear terms or breaches of the lease agreement.

If we fail to continue the digitalization of our supply chain management systems or adopt automated equipment, our business, financial condition and results of operations may be materially and adversely affected.

We operate in a highly competitive e-commerce landscape where the efficiency and effectiveness of supply chain management are critical to maintaining our competitiveness. Our ability to meet customer expectations for prompt delivery and product availability hinges on the digitalization of our supply chain management systems and the adoption of automated equipment for our prototyping, logistics and warehousing. Failure to continue the digitalization journey may lead to inefficiencies in tracking inventory levels as well as delays or inaccuracies in order fulfillment due to manual handling processes.

Any failure to comply with the laws and regulations relating to cybersecurity, data security and personal information protection may subject us to legal or administrative proceedings, which may materially and adversely affect our reputation and business operations.

During our daily business operations, we handle personal information, including names, postal addresses and phone numbers. See "Business — Data Privacy and Protection." Accordingly, our business operations are subject to various data security and personal information protection laws and regulations. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of cybersecurity, data security and personal information in the past few years. For instance, on June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "Data Security Law," effective since September 1, 2021). The Data Security Law sets out a number of obligations on data security undertaken by entities and individuals engaged in data-related activities. It also prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement authorities without the approval of the competent authorities in China. Besides, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which was promulgated by the Cybersecurity Administration of China (the "CAC") on July 7, 2022 and became effective on September 1, 2022, stipulates the obligation that before applying for the security assessment of cross-border data transfer, data handlers shall conduct a self-assessment of the risks in the outbound data transfer. On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》, effective since June 1, 2017), and pursuant to which, the state is to advance the development of a socialized service system for cybersecurity, and encourage related businesses and institutions to carry out cybersecurity services such as certification, testing and risk assessment. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective in February 2022, an online platform operator who possesses personal information of more than one million users must apply to the authorities for Cybersecurity Review if it intends to go list abroad. On September 30, 2024, the State Council released the Regulations on the Management of Network Data Security (《網絡數據安全管理條例》), also known as the Network Data Regulation, which shall come into force on January 1, 2025. The Network Data Regulation is not only the first at the administrative regulation level specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. See "Regulation Overviews — Laws and Regulations Related to Our Business in the PRC — Regulations on Cyber Security, Data Security and Personal Information Protection." We may also become subject to laws and regulations affecting data protection, data privacy or information security in other jurisdictions such as the General Data Protection Regulation, or the GDPR, adopted by the European Union that became fully effective on May 25, 2018. The interpretation and application of these laws or regulations are often uncertain and in flux.

During the Track Record Period and up to the Latest Practicable Date, we have complied with applicable data security and personal information protection laws and regulations in the jurisdictions where we operate in all material aspects. See "Business — Data Privacy and Protection." Nevertheless, there might be changes from time to time regarding the interpretation and application of the laws and regulations regarding data privacy and protection as they are generally complex and evolving. In addition, we may be subject to additional regulatory requirements regarding data privacy and protection, which may necessitate adjustments to our data management framework and incur additional costs. Any concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure and other processing of data and cybersecurity could subject us to potential liabilities and reputational damage. In addition, the regulatory regime for data protection and privacy is complex and constantly evolving, which could increase our compliance costs and operational complexity. Complying with new data laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any failure to closely monitor the relevant regulatory development could subject us to potential liabilities, further materially and adversely affecting our business, financial condition and results of operations.

We face risks inherent in the B2C export e-commerce logistics solutions market, including personal injury, goods damage and transportation-related incidents.

We provide efficient logistics solutions globally under the pre-sale stocking model to customers, primarily sellers on third-party e-commerce platforms, through Shenzhen Westernpost. Goods in our global warehousing and logistics network may be delayed in transit, stolen, damaged or lost during storage or delivery for various reasons, and we may be perceived or found liable for such incidents. In addition, we may fail to screen goods and detect unsafe or prohibited or restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other goods in our global warehousing and logistics network, harm our personnel and assets, or even injure recipients. Furthermore, if we fail to prevent prohibited or restricted items from entering into our global warehousing and logistics network and if we participate in the transportation, storage and delivery of such items unknowingly, we may be subject to administrative or even criminal penalties. If any personal injury or property damage occurs, we may also be held liable for civil compensation.

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

Furthermore, as part of our logistics solutions, we offer overseas warehousing services to our customers through our self-operated and partnered warehouses. Our continued growth depends in part on our ability to profitably operate our warehouses. As of April 30, 2024, under Shenzhen Westernpost, we operated 27 overseas warehousing facilities, with an aggregate GFA of over 5.5 million sq.ft. in main port cities in the U.S. (including Los Angeles, Houston, New Jersey and Chicago) and Europe (mainly Germany). If we experience any disruption to the operation of and fail to effectively utilize our warehouses, we may incur losses which could materially and adversely affect our business, financial condition and results of operations.

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

Misconduct, non-compliance and omissions by our employees or third parties could harm our business and reputation.

Misconduct and omissions by our employees could subject us to liability or negative publicity; there can be no assurance that our employees will not engage in misconducts or omissions that could materially and adversely affect our business, financial condition and results of operations. See "Business — Marketing and Promotion — The Amazon Incident."

In addition, misconduct and omissions by our business partners, including our various suppliers, offline distributors and service providers, as well as other third parties who have entered business relationships with our business partners, could subject us to liability or negative publicity. Although we have strict standards to choose our business partners, we cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties, who may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third-party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

If we are unable to obtain, maintain and protect our intellectual property rights or prevent third parties from any infringement of our intellectual property rights, our ability to compete could be materially and adversely affected.

Our business relies significantly on our ability to protect and defend our intellectual property rights. As of the Latest Practicable Date, we had 126 registered trademarks, 202 patents and 172 software copyrights in the PRC. As of the same date, we had 1,453 registered trademarks and 428 patents overseas. As of the same date, we had a total of 368 domain names, including 13 registered in the PRC. See "Business — Intellectual Property." However, the protection of intellectual property rights is subject to various risks. We may not be able to file and prosecute all necessary or desired patent applications within a reasonable cost or timeframe. Failure to identify patentable aspects of our product development output in a timely manner could result in the loss of patent protection and allow competitors to develop and commercialize similar products, which could significantly impact our major products, technologies and overall business. In addition, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property rights. Such infringement or misappropriation could lead to significant legal costs and divert management's attention from our business operations.

We may be subject to claims by third parties for intellectual property infringement or other allegations.

We cannot assure you that our business practices do not and will not infringe, misappropriate or otherwise violate any patents, trademarks, copyrights, trade secrets and other proprietary rights of third parties. Due to the similarity of certain design elements and our diversified product portfolio, we may, from time to time, be involved in IP disputes where third parties claim our products infringe their IP rights, which we believe is in line with the industry norms. Intellectual property litigation is usually complex and the results of intellectual property litigation are unpredictable. As we gain greater visibility and market exposure as a public company in the future, we may also be at greater risk of being the subject of intellectual property litigation. Third parties may claim that our products or activities infringe, misappropriate or otherwise violate their patents, trademarks, copyrights, trade secrets or other proprietary rights. Defending against these allegations and lawsuits could be costly, take a significant amount of time, distract management from our business operations and delay our product launch. In addition, if we are found to be liable for any infringement, misappropriation or other violation of a third party's patents, trademarks, copyrights, trade secrets or other proprietary rights, we may be required to pay substantial damages or be subject to orders, judgments or administrative penalties that prohibit us from selling certain products or impose other liabilities on us. Any allegation of infringement of the intellectual property rights of others, even if unfounded, could damage our reputation and tarnish our brand image. In addition, our use of the disputed intellectual properties may be restricted, which could materially and adversely affect our operations.

Increasing focus with respect to environmental, social and corporate governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and corporate governance matters, and failure to achieve or potential modification or discontinuation of certain or all environmental, social and corporate governance targets and/or plans, may subject us to penalties and/or adversely affect our business, financial condition and results of operations.

Relevant regulatory authorities and public advocacy groups have been increasingly focused on environmental, social and corporate governance ("ESG")-related issues in recent years, making our business more sensitive to ESG-related issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds and other influential investors have also been increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and relevant regulatory authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of the ESG practices of the target companies. Any ESG concern or issue could also increase our regulatory compliance costs.

If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and relevant regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG-related issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition and the price of our Shares could be materially and adversely affected. Furthermore, to promote environmental responsibility and reduce our environmental footprint, we have established certain environmental targets and plans that are aligned with our overall business strategy and objectives. See "Business — Environmental, Social and Governance." Failure to achieve or potential modification or discontinuation of certain or all such ESG targets and/or plans may also adversely affect our corporate image, which could in turn result in adverse impacts on our business, financial condition and results of operations.

Failure to maintain effective pricing strategies and any downward changes in the prices of our products may have a material adverse effect on our business and results of operations.

Demand for our products is generally sensitive to price. Our approach to pricing our products has had, and may continue to have, a significant impact on our revenue and profit margin. In addition, our competitors' pricing strategies are beyond our control and could significantly affect the results of our pricing strategies. If we fail to meet our customers' price expectations, or if we are unable to compete effectively with our competitors when they engage in aggressive pricing strategies and could not effectively adjust our cost structure due to potential downward changes in the prices of our products, it could have a material adverse effect on our business, financial condition and results of operations. In addition, adopting an aggressive pricing strategy to gain or maintain market shares may harm our profitability and sustainability.

During the Track Record Period, we have experienced negative cash flow from operating activities, which may limit our operational flexibility, adversely impact our financial condition and hinder our ability to expand the business.

We recorded net cash used in operating activities of RMB1,192.6 million in 2021. We cannot assure you of the generation of positive cash flows from operating activities in the future. Our ability to secure additional capital in the future is uncertain and depends on various factors, including our prospective business expansion, financial status, operational outcomes, general market conditions for financing within our industry and macroeconomic conditions both in China and internationally. A failure to secure necessary capital in a timely manner and on reasonable terms, or at all, may significantly impede our growth strategies, and materially and adversely affect our business, financial condition and future prospects.

We are exposed to credit risks related to our trade receivables.

We are exposed to credit risks related to delay in payment of our customers. Our trade receivables represent the amounts due from our customers for the products sold or services performed in our ordinary course of business. As of December 31, 2021, 2022, 2023 and April 30, 2024, our trade receivables were RMB468.7 million, RMB467.5 million, RMB807.5 million and RMB676.0 million, respectively. As of December 31, 2021, 2022, 2023 and April 30, 2024, we had allowance of credit losses of RMB47.7 million, RMB33.8 million, RMB68.9 million and RMB69.3 million, respectively. We decide trading terms with our customers on a case-by-case basis. We normally grant a credit period of 10 to 90 days. Trade receivables are generally settled in accordance with the terms of the respective contracts. In 2021, 2023 and the four months ended April 30, 2024, we had impairment losses on trade receivables of RMB30.6 million, RMB38.5 million and RMB1.2 million, respectively. In 2022, we reversed impairment losses on trade receivables of RMB9.9 million. We cannot assure you that we will be able to collect our trade receivables from our customers in full, or at all, in the future, despite our efforts to conduct credit assessments on them. Therefore, we are exposed to risks that our customers might not meet their contractual obligations to us; if we fail to receive payments from our customers on a timely basis, our liquidity and financial condition could be materially and adversely affected. In addition, we cannot assure you that we will be able to collect our trade receivables from third-party e-commerce platforms in full, or at all, in the future, despite our efforts to conduct credit assessments on them.

We are subject to risks and uncertainties associated with our investments.

We have invested in associated companies and may continue to do so in the future. The performance of our associates has affected, and will continue to affect, our results of operations and financial position. Our investments in these companies are recorded as investments accounted for using the equity method, which amounted to RMB102.9 million, RMB97.8 million, RMB75.0 million and RMB73.9 million as of December 31, 2021, 2022, 2023 and April 30, 2024, respectively. We had share of losses of investments accounted for using the equity method of RMB11.1 million and RMB7.3 million in 2021 and 2022, respectively, while in 2023, we had share of profits of investments accounted for using the equity method of RMB4.9 million. We had share of losses of investments accounted for using the equity method of RMB1.0 million in the four months ended April 30, 2024. Our investments in associates and results of operations might be affected by the share of results of associates. If the share of profits of these associates were to fluctuate, our results of operations may be adversely affected.

Meanwhile, our investments in associates are subject to liquidity risk if no dividend is declared by associates. Our ability to realize our anticipated investment returns will depend on the associates' ability to pay dividends or complete [**REDACTED**] or trade sale, which in turn relies on, among other things, the business and financial performance of our associates. There is no assurance that our invested associates will declare or pay any dividends. Even if we recognize share of profits of these associates under equity reporting method, our investment would not generate any cash flow for us unless our investees declare and pay dividends to us.

Furthermore, investment in associates are not as liquid as other investment products, as our ability to promptly sell our interests in one or more of our associates is limited due to changing economic, financial and investment conditions, which are beyond our control. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associates may significantly limit our ability to respond to adverse changes in the performance of our associates. As a result, we may not be able to realize the anticipated economic and other benefits from our associates.

We may continue to make investments in the future. Any future investment may entail numerous risks, such as increased cash requirements and additional indebtedness or contingent or unforeseen liabilities.

We are subject to foreign exchange risks; fluctuations in exchange rates could have a material and adverse effect on our financial condition and results of operations.

Change in exchange rates may materially and adversely affect our financial condition and results of operations. Since we operate in overseas countries and a portion of our revenue is denominated in currencies other than Renminbi, while our cost of sales and operating costs and expenses are predominantly denominated in Renminbi, our margins may be pressured when Renminbi appreciates against other currencies. During the Track Record Period, we had net foreign exchange gains of RMB23.2 million in 2021, losses of RMB21.7 million in 2022, gains of RMB14.3 million in 2023, gains of RMB4.9 million in the four months ended April 30, 2023 and gains of RMB25.4 million in the four months ended April 30, 2024 due to the foreign exchange rate fluctuations in connection with our outstanding trade and other receivables as well as trade and other payables denominated in foreign currencies.

During the Track Record Period, our expenditures were predominantly denominated in Renminbi, while the net [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollar. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries.

Fluctuations in exchange rates between the Renminbi and other currencies may be affected by, among other things, changes in political and economic conditions and developments. Although we seek to manage our currency risks to minimize any negative effects caused by exchange rate fluctuations, there can be no assurance that we will be able to do so successfully.

If our suppliers stop granting us favorable credit terms or shorten the credit terms granted to us, our liquidity condition may be materially and adversely affected.

We experienced fluctuations in our trade and other payables and turnover days during the Track Record Period. As of December 31, 2021, 2022, 2023 and April 30, 2024, our current trade and other payables amounted to RMB1,231.9 million, RMB1,049.3 million, RMB1,159.0 million and RMB1,105.5 million, respectively, representing approximately 49.8%, 47.6%, 64.3% and 56.2% of our total current liabilities, respectively, as of the same date. We are generally granted a credit period of up to three months by our suppliers on purchases of goods. Our trade and bill payables turnover days amounted to 80.0 days, 80.8 days, 62.2 days and 66.5 days in 2021, 2022, 2023 and the four months ended April 30, 2024, respectively. We cannot assure you that we will continue to successfully negotiate and obtain favorable credit terms from our suppliers, as the credit terms granted by suppliers may be influenced by a number of factors that are beyond our control, such as the financial performance and position of our suppliers, the raw material prices and general economic conditions. In addition, there is no guarantee that we can maintain our amicable business relationship with our suppliers in the future. If our suppliers shorten the credit period granted to us, our liquidity condition may be materially and adversely affected.

We may not be successful in implementing our expansion strategies.

We intend to promote our key brand strategy and expand online and offline sales channels, which could be time-consuming and may incur significant costs. We also intend to continue upgrading our self-operated websites to enhance product presence and brand reputation. See "Business — Our Strategies." The successful expansion into new sales channels depends on multiple factors, including comprehensive market research, channel compatibility with our brand and product image, adequate resource allocation, technological capabilities for integration and adaptation, efficient supply chain management, building strong partnerships and relationships, regulatory compliance, awareness of the competitive landscape and effective risk management. We cannot assure you that our expansion strategies can be successfully implemented. Failure to implement our expansion strategies successfully could have a material adverse impact on our business, financial condition and results of operations.

In addition, we may invest in or acquire companies that may generate synergies with our existing capacities, such as potential suppliers and international logistics solutions providers, and we may also invest in or acquire furniture and home furnishing companies that have strong sales channel presences to further increase our market share and enhance brand equity. See "Business — Our Strategies." The cost of identifying and completing investments and acquisitions can be high and there is no guarantee that we will be able to identify suitable candidates for acquisitions, become successful bidders, complete acquisitions on favorable terms, or have the funds to carry out the ideal acquisitions. These transactions may also incur a significant increase in our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current shareholders' percentage ownership, or incur asset write-offs and restructuring costs and other related expenses. Acquisitions and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or investee companies. No assurance can be given that our acquisitions and other strategic investments will be successful and will not materially adversely affect our business, financial condition or results of operations.

Our sales and marketing activities may not be effective.

Our sales and marketing activities are important to enhance our brand recognition and enlarge our consumer base. We use various approaches to promote our products, including (i) placing advertisements on third-party e-commerce platforms that we partner with; and (ii) utilizing other offsite online channels such as social media and search engine. See "Business — Marketing and Promotion." Our marketing and advertising expenses amounted to RMB715.8 million, RMB488.1 million, RMB568.1 million, RMB166.4 million and RMB198.2 million in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively, representing 7.9%, 6.9%, 6.5%, 6.9% and 7.0%, respectively, of our total revenue for the same years/periods. Our sales and marketing activities may become increasingly costly, and may not yield economically meaningful results. We cannot assure you that our efforts in sales and marketing activities will always be effective, or that we are able to cost-effectively manage our marketing and advertising expenses. Any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations.

Any negative publicity relating to us, our brands, our management, our business partners or the industry in which we operate could materially and adversely affect our business, financial condition and results of operations.

Any negative publicity involving us, our brands, our management, our business partners or the industry in which we operate, whether meritless or not, could materially and adversely harm our reputation and perception of our businesses. We may from time to time be subject to such negative publicity, and we may not be able to effectively defuse such negative publicity and may be required to initiate or engage in defensive media campaigns and legal actions that could increase our marketing or legal expenses and divert our management's attention, further materially and adversely affecting our business, financial condition and results of operations.

Our business depends on the continuing efforts of our key personnel performing vital functions. If we are not able to attract or retain qualified personnel, our business, financial condition and results of operations may be materially and adversely affected.

Our business operations depend on the continuing efforts of our management, particularly the members of our senior management team. See "Directors, Supervisors and Senior Management." If one or more members of our management are unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. In addition, our management may join a competitor or form a competing company. We can provide no assurance that we will be able to successfully enforce our contractual rights included in employment agreements with our management. As a result, our business may suffer the loss of services of one or more members of our management, and our business, financial condition and results of operations may be materially and adversely affected.

Any failure to obtain and maintain the approvals, licenses and permits required for our operations may materially and adversely affect our business, financial condition and results of operations.

Our business requires us to obtain and renew, from time to time, a multitude of approvals, licenses and permits. See "Regulatory Overview." If we fail to obtain, maintain or renew any necessary approval, license or permit for our operations in a timely manner or at all, or if the scope of our operations exceeds the scope permitted under the applicable approvals, licenses and permits, we may be subject to fines, penalties or suspension of operations or even revocation of operating licenses, and our business, financial condition and results of operations may be materially and adversely affected.

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

We had net loss of RMB589.9 million in 2021, and we had net profit of RMB223.2 million, RMB520.1 million, RMB96.5 million and RMB189.3 million in 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively. See "Financial Information — Description of Major Components of Our Results of Operations." Our future growth and profitability are affected by a number of factors, such as our ability to develop new products, our ability to successfully implement our business development strategies in a cost-effective manner and our ability to effectively manage our costs and expenses and continuously improve operational efficiency. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and have accumulated losses in the future and may not be able to achieve or subsequently maintain profitability.

We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.

We may from time to time be subject to various litigation, legal or contractual disputes, claims or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our suppliers, customers, consumers, business partners and other third parties. Ongoing or threatened litigation, legal or contractual disputes, claims or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims 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. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brands and products, which may further materially and adversely affect our business.

We may be subject to additional contributions of social insurance premium and housing provident funds, and late payments and fines imposed by relevant governmental authorities.

According to relevant PRC laws and regulations, we are required to make social insurance premium payments and contributions to housing provident funds for our employees. We failed to make full contributions to the social insurance and housing provident funds in the full amount for certain employees. As advised by our PRC Legal Advisor, as for social insurance, the relevant PRC authorities could order us to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if we fail to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. In case we are overdue in the payment and deposit of, or underpay the housing provident fund, the authority could order us to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. As of the Latest Practicable Date, we had not received any material complaint from our employees. As advised by our PRC Legal Advisor, based on their interview with the competent authority, assuming that there is no material change to current PRC laws and regulations and the practice in policy implementation and inspection of local governments, the likelihood that we will be subject to make additional contributions, overdue payments or be fined in relation to the aforementioned fact is remote.

Failure to comply with laws and regulations regarding certain of our owned or leased properties may adversely affect our business, financial condition and results of operations.

We have owned and leased properties in connection with our business operations. Certain properties we owned or leased have title, inconsistent usage or other defects. As a result, there can be no assurance that we will not be subject to any punishment, challenges, lawsuits or other actions taken against us with respect to these properties.

As of the Latest Practicable Date, (i) one of our owned properties with a GFA of approximately 26,038 sq.m. was mainly used as warehousing facilities and partially used as offices and other supporting facilities, the usage of which was inconsistent with the permitted usage registered on the real estate ownership certificate for warehousing only. As advised by our PRC Legal Advisor, the competent authorities may impose fines on us or require us to rectify. If the relevant authorities require us to rectify and we fail to do so within the prescribed time period, we may face the risks of ceasing the use of offices and other supporting facilities on the relevant property and relocate, which will result in additional cost and distraction of our management's attention. Our PRC Legal Advisor has interviewed the competent authority, and received the verbal confirmation that the relevant property could be used as warehousing facilities and partially used as offices and other supporting facilities and will not impose any penalty on us. As advised by our PRC Legal Advisor, based on their interview with the competent authority, the risks of us being fined by the relevant competent authorities or not able to continue the usage of the property is relatively low; and (ii) we have not started construction for one of our owned properties with a land area of approximately 6,244 sq.m. in accordance with the relevant land use right grant contract. As advised by our PRC Legal Advisor, the competent authority may warn or impose fines on us if the commencement of development exceeds the agreed start date by no more than one year, may request us to pay land idle expenses if the commencement of development exceeds one year beyond the agreed start date, and may reclaim the land use rights without compensation to us if commencement of development exceeds two years. We plan to commence development in the second half of 2024, which is within one year beyond the agreed start date, or we will obtain the approval for a further extension of commencing development. As advised by our PRC Legal Advisor, based on the relevant regulation, we are allowed to apply for the extension of commencing development. As advised by our PRC Legal Advisor, based on their interview with the competent authority and the fact that we could commence development in the second half of 2024, the risks of us being fined by competent authority or the competent authority reclaiming the land use rights is low.

Furthermore, certain of our leased properties for office and warehousing use have title defects due to various reasons. For example, the usage of some of our leased properties was inconsistent with the permitted usage registered on the real estate ownership certificates, and some lessors have not provided us with evidence of proper legal title to the leased properties. In each inconsistent usage case, we may be subject to a fine ranging from RMB100 to RMB500 per sq.m., and in each title defects case, we may face challenges by third parties or relevant authorities, such that our leases may be deemed invalid or unenforceable, and we may be forced to vacate from these leased properties and incur additional costs. Furthermore, as of the Latest Practicable Date, we did not complete registration procedures with respect to some leases. As advised by our PRC Legal Advisor, failure to complete the registration and filing of lease agreements will not affect the validity of such leases or result in our being required to vacate the leased properties; however, if we or the lessors fail to register such lease agreements for our leased buildings as required, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements.

Our business, financial condition and results of operations could be negatively affected if we are imposed any fines which are not indemnified by the Single Largest Shareholders Group or incur extra cost for relocation due to the above matters.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

Under the laws and regulations in China and Hong Kong, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we carried out our operations mainly in Mainland China, Hong Kong, Singapore, the U.S. and Germany. See "Regulatory Overview" and "Business — Intra-group Transactions." We could face material and adverse tax consequences if the relevant tax authorities determine that certain intra-group transactions of ours do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.

Our success depends on our ability to effectively utilize our standardized management systems, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control systems may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain insurance coverage over our daily operations. We cannot assure you that our insurances will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

Any significant reduction in our profitability would materially impair our ability to recover deferred tax assets, resulting in a substantial adverse impact on our operational results.

Deferred tax assets are typically recognized for all deductible temporary differences, provided it is likely that there will be sufficient taxable profits available to utilize those differences. As of December 31, 2021, 2022, 2023 and the four months ended April 30, 2024, our deferred tax assets amounted to RMB385.7 million, RMB395.9 million, RMB296.9 million and RMB261.4 million, respectively. The recognition of deferred tax assets requires our management's judgment and estimates regarding the timing and amount of future taxable profits. Any deviation from initial estimates can affect the recognition of deferred tax assets and tax charges in the period the estimate is revised. If it becomes improbable that enough taxable profits will be available, the carrying amount of deferred tax assets may be reduced. Consequently, if our future profitability significantly falls short of our management's estimates made at the time of recognizing deferred tax assets, our ability to recover these assets could be compromised, potentially leading to a material adverse effect on our operational results.

Our operational results, financial condition and future outlook may vary due to changes in the fair value of our financial assets at fair value through profit or loss (FVTPL) and equity instruments at FVTOCI. This variability is attributed to the inherent uncertainty in accounting estimates during fair value measurements and the use of significant unobservable inputs in valuation techniques.

During the Track Record Period, our financial assets at FVTPL primarily represented structured deposits and foreign exchange forwards. As of December 31, 2021, 2022, 2023 and April 30, 2024, such financial assets at FVTPL amounted to RMB199.1 million, RMB79.1 million, RMB19.1 million and RMB9.1 million, respectively. Our equity instruments at FVTOCI include listed equity securities, which represent ordinary shares of an entity listed in the PRC and unlisted equity investments in private entities established in the PRC. As of December 31, 2021, 2022, 2023 and April 30, 2024, our equity instruments at FVTOCI amounted to RMB243.0 million, RMB185.7 million, RMB198.2 million and RMB100.2 million.

In valuing these financial assets and equity instruments, we employ significant unobservable inputs such as discount rates, risk-free interest rates, and volatility. Fluctuations in the fair value of these instruments can substantially impact our financial standing and performance. Such valuations necessitate considerable estimates that are subject to change, introducing a degree of uncertainty. External factors, including economic conditions, market interest rate shifts, and capital market stability, which are beyond our control, can significantly influence these estimates. Any divergence from our estimates to actual outcomes could materially and negatively affect our financial results.

Force majeure events, natural disasters, public health incidents, acts of war, terrorism or other factors beyond our control may materially and adversely affect our business, financial condition and results of operations.

Force majeure events, natural disasters, public health incidents, acts of war, terrorism or other factors beyond our control could adversely affect the economies, infrastructure and lives of people in the regions in which we operate. Our operations may be subject to the threat of floods, earthquakes, dust storms, snowstorms, fires or droughts, power, water or fuel shortages, malfunctions, breakdowns and failures of information management systems, unexpected maintenance or technical problems, or be vulnerable to potential war or terrorist attacks. Severe natural disasters could result in loss of life, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism could also injure our employees, cause loss of life, disrupt our business operations and impair our markets. Any of these factors, as well as other factors beyond our control, could materially and adversely affect the overall business sentiment and environment, lead to uncertainty in the regions in which we operate, cause our business to suffer losses that we cannot predict, and have a material and adverse effect on our business, financial condition and results of operations.

Our information technology systems may experience system failures, interruptions or security breaches.

Our business operations rely on our information technology systems for various functions. These systems are critical for maintaining operational efficiency, data accuracy and timely decision-making. However, our information technology systems are subject to various risks, including system failures, data inaccuracies, cyber-attacks, data breaches and other security incidents. Any such event could disrupt our operations, compromise our data, and result in significant remediation costs, legal liabilities and reputational damage. Furthermore, our information technology systems need to be regularly updated and upgraded to keep pace with technological advancements and changing business needs. These updates and upgrades require significant investment and may cause system disruptions or compatibility issues.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.

Under The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

Any downturn in regional or global economy and inflation could affect our business, results of operations and financial condition.

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Changes in the economic, political and social conditions as well as government policies in the countries and regions where we operate could adversely affect our business and prospects.

A substantial part of our assets and operations are located in China. In addition, we operate our business in a number of other geographic markets including the ones in the U.S. and Europe. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

The development of the legal systems of certain countries or region where we operate can have an impact on our business.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

We are subject to variation embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These elements may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats may attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the logistics industry and affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have an establishment or place of business in China if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC, unless a treaty or similar arrangement provides otherwise.

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals 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 of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Our operations are subject to, and may be affected by, the tax laws and regulations in the countries and regions where we operate, including the U.S. and Europe. Changes in tax laws and regulations in the countries and regions where we operate such as increase in applicable tax rates may materially and negatively affect our profitability level and business performance.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Credit/(Expense)." To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Credit/(Expense)." Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax and tariffs and import or export duties, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our financial condition and results of operations.

Our foreign exchange transactions, our ability to pay dividends and other obligations are subject to regulatory requirement over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "**SAFE**"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

You may have limited recourse in effecting service of legal process, seeking recognition or enforcement of foreign judgments against us, our Directors, Supervisors and our senior management.

A substantial part of our assets, and majority of our Directors, Supervisors and senior management, are located in China. As a result, it may not be possible for investors to effect service of process upon us, or our Directors, Supervisors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.

There was no public market for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a public market for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our Shares is the result of negotiations between our Group and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after the completion of the [**REDACTED**].

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

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per H 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. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders' interests in our Company.

Future sales or perceived sales of substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the [**REDACTED**] of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. A certain amount of the Shares controlled by our existing Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the [**REDACTED**] of our Shares.

In addition, our [**REDACTED**] shares may be converted into H shares subject to regulatory approvals and compliance with relevant regulatory requirements. Any conversion of our [**REDACTED**] shares will increase the number of H shares available on the market and may affect the [**REDACTED**] price of our Shares.

We cannot assure you that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your investment.

We cannot assure you when and in what form dividends will be paid on our H Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future. See "Financial Information — Dividend."

If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our new product candidates, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an investment in our H Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your investment in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our H Shares and you may even lose your entire investment in our H Shares.

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

This Document, particularly the section headed "Industry Overview," contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from the report prepared by Frost & Sullivan, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. Neither we, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] nor our or their respective affiliates or advisors or any other party involved in the [**REDACTED**] have verified the information from official government sources and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

[REDACTED] and [REDACTED] may decline if securities or industry analysts do not publish research or reports about our business, or if any adverse recommendations are published.

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

Our future financing may cause dilution of your shareholding or impose restrictions on our operations.

In order to raise capital and expand our business, we may consider [**REDACTED**] and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the equity interest of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our business operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

You should read the entire document carefully and should not rely on any information contained in press articles or other media in making investment decisions with respect to our H Shares.

Prior to the publication of this document, there may have been press and media coverage regarding us and the [**REDACTED**], which may include certain information not contained in this document. We have not authorized the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. Accordingly, [**REDACTED**] are cautioned to make their investment decisions with respect to our H Shares on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue" and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.