***An* [REDACTED] *in our H Shares involves various risks. You should carefully consider the risk factors set forth below, together with the other information contained in this Document, including our consolidated financial information and related notes, before you decide to* [REDACTED] *in our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the* [REDACTED] *of our H Shares could decline and you may lose all or part of your* [REDACTED].**

This Document also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in such forward-looking statements due to a variety of factors, including but not limited to the risks described in this section.

Our operations are subject to a number of uncertainties, some of which are beyond our control. We have categorized these risks into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the jurisdictions we operate; and (iii) risks relating to the [**REDACTED**]. You should note that additional risks not presently known to us, or which we currently consider to be immaterial, may also affect our business, financial condition and operating results. You should consider our business and prospects in light of the challenges and uncertainties we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a fast-changing and competitive market. If we fail to meet our customers' evolving needs or keep pace with industry innovation by improving our existing intelligent reusable packaging services and solutions and introducing new products, services and solutions in a timely and cost-effective manner, our competitive position would be impacted and our business, results of operations and financial condition may be materially adversely affected.

The market in which we operate is highly competitive and continues to evolve rapidly, driven by (i) customers' increasing demands for operational efficiency, packaging standardization and supply chain visibility, (ii) sustainability and circular-economy initiatives, and (iii) technological developments in materials, product engineering and IoT-enabled asset management. Our business comprises both (a) a domestic service system under standardized solutions for multiple industry scenarios and (b) an international product-oriented system (including sales of reusable containers and related components). As a result, we face competition from a wide range of market participants, including (i) reusable packaging circular service providers, (ii) packaging manufacturers that sell reusable packaging products, (iii) conventional packaging suppliers offering one-way solutions (which may be cheaper upfront), (iv) logistics and supply-chain service providers that may bundle packaging-related services, and (v) new entrants that may be backed by strong capital resources. Our revenue mix is also exposed to competitive dynamics in both domestic service offerings and international business expansion. Many competitors may have longer track records, greater financial, technical, sales and marketing resources, stronger brand recognition and larger customer bases, which may allow them to (i) devote more resources to the development, promotion, sale and support of their solutions, (ii) engage in aggressive pricing strategies, (iii) offer broader geographic coverage and faster service response time, or (iv) absorb short-term losses to gain market share.

Our competitive position depends on continuous innovation in hardware (structural design, materials, manufacturing) and software/digital capabilities (data capture, traceability, asset management). Product development for integrated solutions may require a relatively long cycle, and there is no assurance that our development, testing and commercialization timelines will always meet customer expectations or market windows. If we misjudge customer needs or industry trends, or fail to commercialize new solutions efficiently, we may incur significant costs without achieving expected returns, and we may lose customers or market opportunities.

We cannot ensure that there will be sufficient future market adoption of our green supply chain circular service platform to drive our continued growth, nor can we ensure that industry developments as well as market acceptance of green supply chain intelligent circular service platform will develop in our favor.

The current global intelligent reusable packaging services and solutions market represents a significant opportunity for our solutions. The global supply chain circular service market expanded from RMB406.2 billion in 2025 to RMB633.7 billion by 2030, representing a CAGR of 9.3%, providing opportunities for our intelligent reusable packaging solutions. However, future market adoption is uncertain, affected by macroeconomic conditions, customer capital allocation, supply chain disruptions and the cost comparison between reusable and one-way packaging.

Broader adoption of our solutions requires customers to re-evaluate costs and restructure business processes; internal inertia or perceived switching costs may lead to delayed decisions or continued use of one-way packaging, constraining demand. Some value-added functions of our intelligent circular platform are currently unmonetized, and failure to achieve expected adoption or successful monetization may impact our innovation and expansion funding. In addition, changes in packaging waste reduction and circular economy regulations may also negatively affect market adoption.

Our business, growth and prospects are significantly affected by the demand and future growth of the downstream industries, including chemical, industrial manufacturing, electronics, and logistics, which is influenced by factors such as consumer demand and government policies.

Our business is highly dependent on downstream industries including chemical, industrial manufacturing, electronics and logistics, whose demand is affected by consumer demand and government policies. Our overseas expansion started from scenarios of valves and IBC, and subsequently expanding into chemical, automotive, home appliance and other scenarios. There is no assurance that we can continue to diversify successfully, or that new downstream applications will grow as expected.

A portion of our business (e.g., automotive parts) involves highly customized R&D and design, and customized containers cannot be reused across customers. We typically require multi-year cooperation to recover amortization and investment costs. If downstream customers reduce production volume, cancel or delay projects, shorten cooperation periods, or renegotiate pricing, we may be unable to recover upfront investments.

Furthermore, our international product sales are also exposed to demand fluctuations in overseas markets. During the Track Record Period, our revenue from overseas amounted to RMB118.2 million, RMB200.0 million and RMB228.0 million, representing 44.4%, 53.0% and 47.9% of our total revenue. Any reduction in demand caused by weakening economic conditions, decreases in corporate spending, technical challenges, data security or privacy concerns, relevant regulations and policies, competing solutions or otherwise may adversely affect our revenue and gross profit margins and could materially and consequently affect our business, growth and prospects.

As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance, financial condition and results of operations.

We have experienced growth in recent years and intend to continue expanding our business. Our strategy and planned use of resources include, among others, integrating domestic capacity, strengthening digitalization and systemization, increasing marketing investment and enhancing our operational capabilities. During the Track Record Period, our revenue increased from RMB265.9 million in 2023 to RMB475.9 million in 2025, representing a CAGR of 33.8%. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully. See "Future Plan and Use of [**REDACTED**]."

We may face difficulties in scaling supply chain, R&D, sales and service functions while maintaining cost control. Inadequate staffing, systems and controls may lead to faster cost growth than expected, delayed response to competition and failed execution of business strategies, and evolving product and service offerings may also impact revenue mix and profitability.

Our overseas expansion strategy may not be successful and could expose us to additional operational, regulatory and financial risks, which may materially and adversely affect our business, financial condition and results of operations.

We plan to expand our service network in overseas markets. There is no assurance that our overseas expansion will be successful, or that we will be able to replicate our business model and operating efficiency in overseas markets on a timely or profitable basis. See "Future Plan and Use of [**REDACTED**]."

Overseas expansion typically requires meaningful upfront investments and sustained management attention to establish localized operations. We may encounter delays, higher-than-expected costs or operational inefficiencies in the course of establishing overseas operations, and we may fail to achieve sufficient market acceptance, customer acquisition or utilization levels to cover our fixed costs and investments within the timeframe expected, or at all. In addition, our ability to compete effectively in overseas markets may be constrained by differences in customer preferences, local competitive dynamics, pricing pressure and the availability of substitute solutions or incumbent service providers.

Our overseas operations bring increased compliance and execution complexity. In connection with our overseas operations and investments, we may be required to comply with legal procedures under applicable laws and regulations in relevant jurisdictions, including, but not limited to, obtaining necessary licenses, approvals, filings and registrations from competent authorities. Any failure or delay in completing such procedures, or any change in the relevant regulatory requirements or their interpretation or implementation, may restrict our ability to establish, expand or operate our overseas business, delay our investment or commercial plans, or expose us to regulatory actions, penalties or additional compliance costs. We may further face incremental financial and commercial risks associated with overseas operations, such as foreign exchange fluctuations, cross-border fund flows, potential tax exposure, longer collection cycles, counterparty credit risk and payment disputes. From time to time, geopolitical, social or economic conditions in certain overseas markets may adversely affect demand, disrupt operations or increase costs. Moreover, the protection and enforcement of our intellectual property and contractual rights may be more difficult or less predictable in certain jurisdictions, which could increase our exposure to business disruptions and losses.

If we fail to maintain existing customers and attract new end customers, or fail to do so in a cost-effective manner, our business may be adversely affected.

Our ability to retain and expand our customer base is critical to our growth. During the Track Record Period, our retention rates amounted to 87.0%, 60.8% and 74.0% for 2023, 2024 and 2025, respectively, which were higher than industry average. There is no assurance that such retention levels will be sustained, particularly if customers face operational or financial pressures, or if competitors offer more attractive alternatives.

Our contracts with customers are typically for a duration of two to three years. Upon expiry, we may either rely on the long-standing customers' customary business practice of renewing their contracts based on current contract terms or renegotiating and entering into new contracts. We may be required to participate in tendering or quotation processes for existing customers and potential new customers in order to renew and/or secure new contracts. Customers evaluate us on pricing, product/service quality, digital system compatibility, reputation and financial capability, among other factors. A poor performance review may bar us from future tender/quotation opportunities, harming our business and reputation, and we cannot guarantee contract renewals upon expiry.

During the Track Record Period, our sales to our five largest customers amounted to RMB70.4 million, RMB136.6 million, and RMB138.9 million, representing 26.5%, 36.2% and 29.2% of our total revenue during the same periods, and sales to our largest customer represented 10.7%, 17.2% and 6.8% of our total revenue for the same periods, respectively. There is no assurance that we may not become dependent upon a few major customers in the future such that we would generate a significant portion of our revenue from a relatively small number of customers. Future over-reliance on a small number of major customers may materially impact our business if cooperation is interrupted.

We experience seasonal fluctuations in our sales.

Our business typically experiences a fourth-quarter peak season, driven by overseas year-end retail/Christmas holiday demand and domestic customer procurement/production cycles. In international markets, customer purchasing decisions are often influenced by the year-end retail peak and the Christmas holiday season, which may lead to a concentration of orders in the fourth quarter, while related revenue may be recognized in subsequent periods depending on delivery schedules and, where applicable, completion of installation, commissioning and customer acceptance. See "Business — Seasonality". As such, comparisons of our operating results between different periods within a single financial year may not be meaningful and cannot be relied on as indicators of our performance. Our financial condition and results of operations may continue to fluctuate due to seasonality which leads to potential liquidity crunches or forced premium pricing for logistics capacity.

Our operational efficiency heavily relies on the turnover of our reusable packaging containers, which is closely tied to the coverage and operational capability of our service network/platform. If we fail to maintain, expand or optimize our service network/platform, our business, prospects and financial results may be materially and adversely affected.

We have established a service network covering over 8,500 FDCs, as of December 31, 2025. Our service network enables us to quickly dispatch employees and containers to customers nearby to ensure timeliness of service. We plan to expand our nationwide service network. See "Future Plan and Use of [**REDACTED**]."

Our efforts to optimize our service network depend on a number of factors beyond our control, including the macroeconomic conditions and policies, the level of competition in the pooling services market, changes in customer demand, prices of raw materials, transportation costs, supply-chain requirements, availability of suitable and proficient employees. We may lack knowledge and experience with certain local markets, and our competitors in these new markets may have stronger financial resources, more established presence, better understanding and insight on industry trend and policies, and better understanding of customer requirements and preferences. As such, we may not be able to expand or optimize our nationwide service network within the timeframe or at satisfactory costs, which could adversely affect our operating results.

Disruptions to our transportation could adversely affect our business, financial condition and results of operations.

Our pooling services rely on third-party logistics providers for the distribution, retrieval and circulation of reusable containers. We depend on the continuous availability, reliability and cost-effectiveness of transportation capacity to fulfil orders and maintain service levels.

We primarily rely on third-party carriers and typically enter into annual contracts with agreed pricing terms. While contractual provisions allocate certain transportation risks (including cargo insurance and liability) to service providers, such allocation may not (i) prevent actual disruptions, (ii) ensure timely recovery of losses, (iii) avoid liability disputes, or (iv) secure replacement capacity at acceptable cost, particularly if the provider is unable or unwilling to perform.

We rely on third-party logistics providers for transportation (domestic annual contracts, with partial risk allocated to providers). Transportation disruptions (capacity shortages, accidents, natural disasters, wars, armed conflicts, geopolitical tensions, public health emergencies, regulatory changes, etc.) may cause delivery delays, and we have experienced transportation loss incidents since 2023. International logistics also faces sea freight cost volatility, port congestion and customs clearance delays, which may lead to failed on-time delivery, higher costs or lost sales.

We rely on external suppliers for certain components, raw materials and devices. Price fluctuations, shortages, or interruptions in supply could adversely affect our business, financial condition, and results of operations.

During the Track Record Period, purchases from our five largest suppliers accounted for 39.4%, 26.4% and 31.7% of our total purchase, respectively. Timely and cost-effective delivery of components, raw materials and key parts is critical to our operations.

Price fluctuations of key raw materials (caused by inflation, geopolitics, wars, armed conflicts, geopolitical tensions, etc.) may increase costs, and inability to pass on costs to customers may reduce gross profit margins. Furthermore, some materials have a limited pool of qualified suppliers, increasing supply interruption risks and reducing our bargaining power.

We rely on our suppliers, which primarily included reusable packaging manufacturers, logistics service providers and equipment suppliers during the Track Record Period, to meet our operational needs. See "Business — Suppliers." There is no guarantee that their services will be satisfactory or meet our required quality standards. Major suppliers may face issues such as financial distress, work stoppages or failure of information technology systems that could impact their ability to fulfill their contractual obligations to us on time or at all. Any delays or failures by our suppliers to perform their contractual obligations could materially and adversely impact our business, financial condition and results of operations.

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

Our operations require us to forecast customer demand and plan procurement and production accordingly. Demand forecasting may be affected by factors beyond our control, including customers' production cycles, project schedules, macroeconomic conditions and competitive dynamics, and forecasting errors may therefore occur.

Inaccurate demand forecasting may lead to excessive or insufficient inventory. Overestimation may result in high storage costs, slow-moving/obsolete inventory and working capital occupation, and may require write-downs; underestimation may cause raw material/finished goods shortages, delivery delays, expedited costs and loss of customer confidence. Inventory forecasting complexity increases with regional and industrial expansion, and inefficient inventory management may lead to cost growth and cash flow pressure.

The complexity of forecasting may increase as we expand across multiple regions, serve more industries and scenarios, and manage a broader portfolio of products and service solutions. If we fail to maintain efficient inventory planning, allocation and control systems, our inventory levels may become more volatile, and we may experience higher costs, working capital pressure, reduced cash flows and adverse impacts on our business, financial condition and results of operations.

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

Product and service quality is critical to customer retention. Any defects in our products or deterioration in our services may lead to customer complaints, requests for compensation or product replacement, reputational damage and regulatory exposure. We have established procedures to handle customer complaints, including reviewing the nature of the complaint, assessing the relevant cause and implementing follow-up measures where appropriate. Where we determine that a complaint is attributable to product quality issues, we generally arrange replacement of the affected products for the relevant customer. During the Track Record Period, we received customer complaints relating to packaging damage, and no disputes had arisen therefrom as of the Latest Practicable Date. The value of products replaced due to product quality issues accounted for less than 0.1% of our total revenue for each year during the Track Record Period.

Our manufacturing processes involve multiple steps and quality-critical environments. Our production quality metrics reflect current operating conditions, and there is no assurance that such performance will be maintained in the future. Our quality control effectiveness depends on, (i) consistent implementation of SOPs and quality control processes across production bases and service sites, (ii) ongoing training and supervision of employees, (iii) stable performance of production equipment and inspection systems, and (iv) consistent quality of external inputs. Future quality control failures may result in contractual liabilities and significant costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience material service defects; however, we cannot assure you that such issues will not arise in the future.

We may experience failures in or disruptions to our Intelligent Circular Service Platform.

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

If our digital systems or platforms fail or experience disruption, our ability to efficiently dispatch containers and services, track the location, status and utilization of reusable containers, calculate and reconcile fees accurately, and maintain effective internal controls over our operational and financial processes may be adversely affected, which could result in delayed deliveries and retrievals, reduced service levels, lower asset turnover efficiency, increased risk of container loss or damage, revenue leakage, overcharging or undercharging disputes, increased manual workload, delayed collections, processing errors, delayed financial closing and additional remediation costs.

We may be liable for loss of or damage to customers' property stored at our premises.

Our business involves the management, handling and storage of customers' property, including empty containers and cargo. While such property is stored at, or handled within, our facilities, we may be regarded as having custody of, or being responsible for, the safekeeping of such property. Accordingly, any loss of, shortage of, misplacement of, contamination of, deterioration of or damage to customers' property (whether arising from operational errors, handling or storage practices, equipment malfunction, system failure, fire, flooding, extreme weather, natural disasters, theft, vandalism, security incidents, or other events) may expose us to claims and could require us to compensate affected customers. The extent of our liability in any given incident may be significant. In addition, third parties whose products or services we use (including suppliers, contractors or other service providers) may not be responsible for, may dispute, or may be unable to compensate us for the relevant loss or damage. Further, our insurance coverage may not apply to certain events, may be insufficient in amount, or may be subject to exclusions, deductibles, policy limits and other conditions. If we are required to compensate customers using our own resources, we may incur substantial costs, face disputes or litigation, experience operational disruption and suffer reputational harm. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

We have been and intend to continue investing on our R&D and such investments may not generate the results we expect to achieve.

The intelligent packaging industry is technology-driven. We invest heavily in R&D for IoT, data analytics and packaging design. However, R&D activities are inherently uncertain, and there is no guarantee that our investments will yield commercially viable results. Our research and development expenses amounted to RMB16.2 million, RMB20.9 million and RMB16.8 million in 2023, 2024 and 2025. We also capitalized development expenses of RMB6.3 million, RMB4.8 million and RMB3.3 million during the same period. R&D activities are inherently uncertain, and technical difficulties, cost overruns or low market acceptance of new products may lead to failure to achieve expected returns, impacting financial condition.

We may not be able to conduct our sales and marketing cost-effectively and we cannot guarantee that our cost control strategies and measures will be continually and effectively executed in the future and achieve their expected effects.

We incur selling and distribution expenses to support customer acquisition, customer maintenance, tender participation, channel development and the expansion of our service network. During the Track Record Period, our selling and distribution expenses amounted to RMB45.3 million, RMB53.6 million and RMB65.0 million, representing 17.0%, 14.2% and 13.7% of our total revenue, respectively. Business expansion may require increased spending on sales personnel, marketing and tendering, but there is no guarantee of proportional revenue growth (enterprise supply chain solutions have long sales cycles, and tendering has no success certainty). Increased competition may raise customer acquisition costs, and faster growth in sales & marketing expenses than revenue may reduce profit margins.

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

During the Track Record Period, our trade and bills receivables primarily consisted of trade receivables, representing the amount of money owed by customers for services or products sold on credit terms. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB64.4 million, RMB84.4 million and RMB137.7 million, respectively, and our trade and bills receivables turnover day amounted to 85 days, 71 days and 84 days, respectively. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and bills receivable." During the Track Record Period, we recorded impairment losses of RMB0.6 million in 2023, reversal of RMB0.1 million in 2024 and loss of RMB0.6 million in 2025, respectively. Customer financial distress or deteriorated relationships may lead to delayed or defaulted payments, and inability to manage credit risk may impact cash flows and operating results.

The preferential tax treatment that we enjoyed may be changed or terminated.

During the Track Record Period, the effective tax rate of our Group was 24.0%, 15.5% and 18.4%, respectively. The relatively low effective tax rate reflected the tax exemption we enjoyed during the Track Record Period. Our Company is/was qualified as "high and new technology enterprises" and benefited from a preferential income tax rate of 15%. Certain other subsidiaries of our Group are qualified as "small and micro enterprises" and were subject to a preferential income tax rate of 20%. See note 11 to the Accountants' Report in Appendix I to this Document for details. Preferential tax treatments and other incentives granted to us by the PRC Government are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee you that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income. If any preferential tax treatment, export tax rebates, or incentive is revoked, not renewed, reduced or otherwise becomes unavailable to us, our tax expenses may increase materially, which would reduce our net profit and operating cash flows. An increase in tax burden could also reduce the funds available for reinvestment, R&D activities and business expansion, and could materially and adversely affect our business, financial condition and results of operations.

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

Our business involves the design and development of reusable packaging products and related components, as well as digital systems supporting asset tracking and operational management. As of December 31, 2025, we had filed 968 patent applications globally, of which 534 had been granted, and had filed 161 PCT patents. Our trade secrets, trademarks, patents, software copyrights, and other intellectual property rights are critical to our success. However, confidentiality agreements may be breached, and intellectual property protection is costly and difficult; infringement or misappropriation may erode competitive advantages. See "Business — Intellectual Property."

We may be involved in intellectual property disputes and claims.

We depend on our ability to effectively develop and maintain intellectual property rights relating to our business. However, we cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims are valid or otherwise. The intellectual property laws and relevant regulations, which cover the validity, enforceability and scope of protection of intellectual property rights, may be subject to amendments in the future, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we may be exposed to a higher litigation risk. We have experienced unauthorized copying or infringement activities by competitors and have pursued enforcement. In one intellectual property litigation suit, the supreme court supported compensation of RMB2.1 million to be paid by the infringing party. The second trial of the case has been concluded as the final trial.

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

Our performance depends on the continued services of our senior management and other key employees, the loss of any of whom could adversely affect our business, operating results and financial condition.

Our future performance depends on the continued services and contributions of our senior management and other key employees to oversee and execute our business plans and to identify and pursue new opportunities. In particular, we rely on the expertise and experience of Mr. Liao, who has over 25 years of experience in the intelligent reusable packaging industry. Any loss of our senior management or other key employees could significantly delay or prevent us from achieving our strategic business objectives and adversely affect our business, financial condition, and operating results. We cannot guarantee that we will not experience the loss of key personnel in the future. From time to time, there may be changes in our senior management team resulting from the hiring or departure of executives, which could disrupt our business. Hiring suitable replacements and integrating them into our business requires significant amounts of time, training, and resources, and may impact our existing corporate culture. If we are unable to find suitable replacements in a timely manner, our business growth and prospects may be materially and adversely affected.

We have adopted employee incentive plans, which would dilute shareholding interest and lead to share-based compensation expenses that may negatively impact our profitability.

We have implemented equity incentive arrangements to attract and retain employees and align employee interests with the long-term development of the Group. We have conducted multiple rounds of equity incentives, and further arrangements are under consideration. In 2023, 2024 and 2025, we recorded share-based payment compensation of RMB4.1 million, RMB12.4 million and RMB3.2 million, respectively.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel. We have adopted the Restricted Share Incentive Plan in 2020 and Employee Incentive Scheme in 2026, respectively. See "Statutory and General Information — Employee Incentive Scheme" in Appendix VI. We may grant additional share-based compensation in the future, which may further increase our operating expenses and adversely affect our net profit. In addition, the issuance of additional Shares upon the exercise or vesting of share-based awards will dilute the ownership percentage of our existing Shareholders.

If we are unable to protect or promote our brand and reputation, our business may be materially adversely affected. Negative publicity and allegations involving us, our shareholders, directors, officers, employees, associates and business partners may affect our reputation and, as a result, our business, financial condition, and results of operations may be negatively affected.

We rely on our customers' confidence in our brand and reputation to attract and retain them, which are important to our continued growth. We believe that we have established a favorable reputation based on the quality of our services, our presence in multiple locations, and the enhancement of our business operations through deployment of technological systems. However, our brands and reputations may be impaired by a number of factors. Negative publicity and allegations, whether or not ultimately substantiated, could also arise from a broad range of events, including disputes with customers or suppliers, litigation, labor disputes, regulatory investigations or penalties, cybersecurity incidents, product defects, operational accidents, or misconduct by employees, business partners or other parties associated with us. Any failure to maintain and enhance our brand and reputation could reduce demand for our products and services, impair our ability to participate in or win tenders, increase customer acquisition costs and reduce pricing power, and could materially and adversely affect our business, financial condition and results of operations.

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

Our business requires substantial cash resources for raw material procurement and capacity expansion. We rely on bank borrowings, finance leases and other external financing, with a concentration risk on key finance leasing partners. We also plan to make significant capital investment in connection with capacity expansion. See "Future Plan and Use of [**REDACTED**]." Inability to obtain sufficient financing (due to economic conditions, credit market changes or leverage levels) may force us to curtail expansion plans.

We cannot assure you that sufficient financing will be available to us. In 2023, 2024 and 2025, we incurred capital expenditure of RMB67.6 million, RMB122.8 million and RMB180.5 million, respectively. The level of our indebtedness and the amount of our interest payments could limit our ability to obtain additional financing or obtain favorable terms for the financing for future capital expenditures and working capital. Without sufficient funds, we will be forced to curtail our operations and expansion plans. Disruption, uncertainty or volatility in the capital markets or credit markets may limit our access to capital funds for our operations and expansion of our business, decrease our profitability, and significantly reduce our financial flexibility.

Furthermore, our liquidity also depends on cash generated from operating activities and our cash and cash equivalents. As of December 31, 2023, 2024 and 2025, the balance of our cash and cash equivalents amounted to RMB98.0 million, RMB69.3 million and RMB139.6 million, respectively. If we are unable to obtain additional financing in a timely manner on acceptable terms, or if we cannot generate sufficient cash from operating activities, we may be forced to curtail operations, delay expansion plans, reduce investments in assets and systems, or take other actions that could materially and adversely affect our business, financial condition and results of operations. The higher level of our indebtedness may require us to allocate more cash to repay our debts, thereby reducing the amount of general working capital that we can use for daily operations, capital expenditure and other general corporate purposes.

We face exposure to foreign currency risks.

We have exposure to foreign currency risks primarily arising from overseas sales and related receivables, foreign currency-denominated cash balances and, to a lesser extent, foreign currency-denominated procurement. We recorded net foreign exchange gains of RMB0.7 million in 2023 and RMB1.7 million in 2024, and losses of RMB3.6 million in 2025, respectively. We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. See note 38 of the Accountants' Report in Appendix I.

In addition, as the [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars, 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**]. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against other currencies in the future. It is difficult to predict how market forces or relevant government policies may impact the exchange rate between the Renminbi and other currencies in the future.

Our insurance coverage may not be sufficient in covering the risks or losses that may result from our operations, including loss or damage to customers' property stored in our containers.

As a provider of green supply chain intelligent circular services, our operations entail risks of losses, liabilities or disruptions, including cargo loss or damage in transit, container and equipment damage, property loss, workplace injuries, business interruption and third-party claims. We have insurance for certain operational segments such as warehousing and logistics, but no assurance can be given that such coverage is sufficient in scope or amount to cover all potential losses.

We may face liabilities for underinsured or uninsurable events on acceptable terms — such as natural disasters, riots, strikes and terrorism, which bring hard-to-quantify losses and reputational damage. Recovering losses from insurers can be difficult and time-consuming, with no guarantee of full compensation. Moreover, some risks like war and terrorism are uninsurable or not economically insurable. Uncovered losses or losses exceeding insured limits to our assets and properties may materially and adversely impact our operating results and financial condition.

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

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees in strict compliance with relevant laws and regulations. According to the relevant PRC laws and regulations, we may be requested by relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed period and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. If we fail to repay the outstanding social insurance contribution within the stipulated period, we may be liable to a fine of one to three times the outstanding contribution amount. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding contributions of the housing provident fund within a stipulated deadline. If we fail to pay housing provident fund contributions within the prescribed deadline, we may be subject to an order by the relevant people's court to make such payments.

As of the Latest Practicable Date, no administrative action, fine or penalty had been taken or imposed by the relevant regulatory authorities against us with respect to our social security insurance contributions or housing provident fund, nor had we received any material order or been informed to settle the under-contributions. We did not make provision for the potential liabilities arising from shortfalls in social insurance and housing provident fund contributions during the Track Record Period. However, we cannot guarantee that relevant authorities will not order rectification of this non-compliance in the future nor that there will be no employee complaints over the issues at national, provincial or local levels. We may also incur additional compliance costs, and any of the above circumstances could adversely affect our financial condition and operating results. See "Business — Employee."

We may be liable for failure to register and file our lease agreements, which may subject us to penalties.

As of the Latest Practicable Date, we had not registered 11 of our lease agreements in the PRC. The relevant authorities may require us to complete the lease registrations within a specified time frame and may impose a fine ranging from RMB1,000 to RMB10,000 for each of such lease agreements for any delay in complying with such requirement. See "Business — Properties" in this Document for details. We cannot assure you that the relevant authorities will not impose penalties for failure to register these lease agreements. Any such penalties could have an adverse effect on our business, financial position and results of operations.

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

As of the Latest Practicable Date, two leased properties in the PRC with an aggregate gross floor area of approximately 519 sq.m. has title defects, which was mainly due to the failure of certain lessors to provide property ownership certificates or other sufficient ownership documents. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. See "Business — Properties."

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

We, our Directors, management, employees and shareholders and their affiliates may be subject to lawsuits, contract disputes, employment-related controversies, and other legal and administrative proceedings or fines, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

We may be subject to, or involved in, various claims, lawsuits, and other legal and administrative proceedings in the ordinary course of our business, including those relating to contract disputes, labor disputes, intellectual property infringement, and regulatory compliance. Lawsuits and other administrative or legal proceedings can involve substantial costs, including the costs associated with investigation, litigation, and possible settlement, judgment, penalties, or fines. In addition, such proceedings may require a commitment of management and personnel resources that will be diverted from our normal business operations. Negative publicity associated with litigation could also decrease customer acceptance of our services and damage our reputation, regardless of whether the allegations are valid or whether we are ultimately found liable. Any adverse outcome of these cases could result in payments of substantial monetary damages or fines, or changes to our business practices, which could have a material adverse effect on our business, financial condition, and results of operations.

We collect, store and process certain business data of our own business and our customers. Any failure in our data security or non-compliance in relevant jurisdictions with data protection laws could lead to our reputational damages, significant costs, litigation, and regulatory scrutiny, which will have a material and adverse impact on our business, financial condition, results of operations, and prospects.

Our operations rely on digital platforms to support order fulfillment, operational dispatch, asset tracking and related business processes. In connection with these activities, we collect, store and process data relating to our operations, which may include business data, operational data and, in certain circumstances, personal information (such as contact information used for business communication and service delivery). We also use devices and tools (including scanning terminals and, for certain containers, IoT modules) that may generate location and status data, which may be considered sensitive under evolving regulatory standards depending on how it is combined or identified. See "Business — Data Privacy and Protection."

Accordingly, we face major data security and privacy challenges, including (i) protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or business partners; (ii) addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived sharing, safety, security and other factors that may arise from our existing businesses or new businesses or new technologies; and (iii) complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data.

Our efforts to protect such data may not always be sufficient or effective. Any improper handling of our clients' information as a result of any misconduct by our employees or any information leakage due to external factors, such as unauthorized access to our database by hackers, could result in civil or regulatory liabilities which may subject us to significant legal, financial and operational consequences.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data. See "Regulatory Overview — Regulations on Cyber Security and Data Security." The interpretation and application of laws, regulations and standards on data protection and privacy shall be in compliance with the then effective laws and regulations. We cannot guarantee our data privacy and protection measures will always meet applicable legal and regulatory requirements, nor that our practices will remain fully compliant, which may expose us to official investigations and inspections. Data protection rules are constantly evolving and vary across jurisdictions, and complying with these changing international requirements may lead to substantial costs or necessitate business practice adjustments. Our data protection systems also face risks of systemic failure, security breaches and cyberattacks. Any actual or alleged non-compliance or failure to address data privacy issues could harm our reputation, disrupt digital operations and result in significant legal, financial and operational consequences.

Any lack of requisite approvals, licenses or permits applicable to our business, any failure to maintain, renew or complete periodic reviews in respect thereof, or any non-compliance with relevant laws and regulations, may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business is subject to supervision and regulation by various competent regulatory authorities in jurisdictions where we operate. These authorities promulgate and enforce laws and regulations governing a wide range of business activities relevant to our operations. Such regulations typically govern market entry, the permitted business scope and the requisite approvals, licenses, permits, filings and registrations. These laws and regulations operate at both the national and local levels, and the applicable compliance requirements may vary across different jurisdictions and may change over time. According to our PRC Legal Advisors, we had obtained all material licenses and approvals necessary for our main business during the Track Record Period and up to the Latest Practicable Date. For details, see "Business — Licenses and Approval." However, certain of these certificates, licenses, approvals and permits are valid only for limited periods and are subject to periodic review, annual inspection and/or renewal by the relevant governmental authorities or other competent organizations.

In addition to obtaining the necessary approvals, licenses and permits, we are also required to comply with applicable laws and regulations in the course of our operations. Certain aspects of our business are subject to a complex and evolving regulatory regime and extensive government oversight. Given the pace and complexity of regulatory developments, we may not always be fully informed of new or updated requirements in a timely manner. We may also fail to promptly adapt operations to regulatory changes, leading to non-compliance. In addition, the standards and criteria for obtaining, maintaining, renewing or reviewing such approvals, licenses and permits may become more stringent or otherwise change in the future.

Furthermore, as laws and their enforcement evolve, there can be no assurance that we have obtained, or will be able to obtain, all necessary approvals, licenses, permits, filings or registrations required for our operations, or that we will be able to maintain or renew them or complete the requisite annual inspections (as applicable) in a timely manner. Any such failure or non-compliance may trigger administrative penalties, fines, suspension or revocation of relevant certificates, licenses, approvals or permits, or other regulatory actions, and could disrupt, hinder, or halt our business operations. In certain circumstances, we may be required to suspend or adjust certain aspects of our business, which could materially and adversely affect our business, financial condition and results of operations. Our outbound investments are also subject to approval/filing rules; non-compliance in historical or future outbound investments may result in administrative penalties, or orders to suspend or terminate such investments.

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

We are exposed to potential fraud, negligence or other misconduct committed by our employees, agents, customers, suppliers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities, which may adversely affect our reputation. Although we have established internal control procedures and risk management systems to monitor our operations and compliance, including policies on anti-bribery and anti-corruption, we cannot assure you that such procedures and systems will be effective in all cases. We may not be able to identify and detect all instances of non-compliance or suspicious transactions in a timely manner. If we are unable to effectively prevent and detect such misconduct, our business, financial condition and results of operations may be materially and adversely affected.

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

We operate in a business environment where we interact with various third parties, including customers, suppliers, and government officials. We are subject to anti-corruption, anti-money laundering, anti-bribery, and other relevant laws and regulations in the PRC and other jurisdictions where we operate. We may be exposed to bribery, corruption, or other illegal acts and misconduct committed by our employees, customers, suppliers, or other third parties that could subject us to financial losses, investigations, and penalties imposed by governmental authorities.

Although we mandate compliance with applicable laws, we cannot guarantee that our employees or business partners will not engage in misconduct or act in violation of our internal policies or applicable laws. Any violation could result in substantial civil or criminal penalties, the revocation of licenses, and a material adverse effect on our business, financial condition, and results of operations. Furthermore, negative publicity regarding such misconduct could seriously harm our reputation and our ability to win new business or retain existing customers.

Our business operations are subject to force majeure events and unforeseen, hostile or catastrophic events.

If any force majeure event or any event beyond our control happens, our customers may terminate the contracts, and they may only be required to compensate us under certain circumstances, such as damage to or loss of our containers. Any uninsured loss could materially and adversely affect our business, results of operations, and financial condition. Our operations are also susceptible to disruption and damage from unforeseen hostile or catastrophic events, including war, terrorist attacks, natural disasters, pandemics and extreme weather. Such events may destabilize global financial markets and consumer confidence, force us to suspend operations, and result in customer contract terminations or delayed payments.

We may also be forced to assume losses to the extent our insurance coverage is inadequate. Any uninsured loss or prolonged disruption to our business operations could materially and adversely affect our business, financial condition, results of operations, and cash flows.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WE OPERATE

Changes in global or regional political and economic policies could have an adverse effect on our business, financial condition, results of operations and subsequently challenge our competitive position.

Our business, financial condition, results of operations and prospects may be adversely affected by economic, political and legal developments in the markets in which we operate. In recent years, regional and global economic growth has slowed, and uncertainties remain as to whether, and for how long, such slowdown may persist. In addition, geopolitical tensions and conflicts, including the Russia-Ukraine war, unrest and terrorist threats in certain countries and regions, as well as heightened tensions in the Middle East involving Iran, have contributed to volatility in the global economy and supply chains. In particular, such events may cause volatility in oil prices and disruptions to international shipping routes, which in turn may lead to increases in transportation costs and the prices of certain raw materials and components used in our operations. Such geopolitical developments may also disrupt international maritime traffic along key global shipping routes, resulting in increased shipping costs and delivery delays.

There are also considerable uncertainties over the long-term effects of monetary and fiscal policies adopted by major economies and financial authorities worldwide. Factors such as inflation, volatility in capital markets, consumer demand, corporate and government spending, and business investment may materially affect the business and economic environment in the markets where we operate, the growth of the industries we serve and, ultimately, our profitability. Government regulations and policies relating to resource allocation, monetary policy, foreign exchange, financial regulation and industry-specific supervision may also affect our business and results of operations. If global or regional political and economic conditions deteriorate, or if the business environment in the markets where we operate changes materially, our business, financial condition and results of operations could be materially and adversely affected.

Our business is subject to a variety of local and overseas laws, rules, and policies, including those relating to environmental protection, international trade and ESG disclosure requirements.

We operate in the PRC, Europe, the UK, the US, Japan and other jurisdictions, subject to a wide range of laws and regulations (environmental protection, product certification, occupational health and safety, customs clearance, export controls). As a [**REDACTED**] company, we face increasing ESG disclosure obligations; compliance requires additional costs for data collection, internal controls and external audits, and failure to comply may lead to regulatory scrutiny and reputational damage.

Overseas jurisdictions may impose more stringent product and environmental compliance requirements; changes in regulations may require product design/manufacturing process adjustments, leading to higher costs and delayed deliveries.

Non-compliance with environmental, trade or ESG requirements may result in fines, import/export restrictions, contract termination and material business impact. Any of the above could materially and adversely affect our business, financial condition and results of operations. See "Regulatory Overview" and "Business — Environmental, Social and Governance."

Changes in the interpretation and enforcement of laws, rules and regulations in the jurisdictions where we operate, may materially and adversely affect our business, financial condition and results of operations and prospects.

The 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, while 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. The laws and regulations in the jurisdictions where we operate are subject to further revisions or interpretations from time to time. New laws, regulations, guidelines, and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved.

In particular, the interpretation and enforcement of laws and regulations in certain jurisdictions involve uncertainties. Administrative and court authorities may have significant discretion in interpreting and implementing statutory provisions and contractual terms, which may make it difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited legal actions or threats.

Furthermore, laws and regulations in the jurisdictions where we operate may be based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until sometime after the violation. Any changes in the interpretation and enforcement of laws, rules, and regulations could materially and adversely affect our business, financial condition, results of operations, and prospects.

Changes in economic policies, international trade policies and political tensions may adversely impact our business and results of operations.

Our operating results are affected by macroeconomic conditions in our target markets, with demand for our products and services driven by customers' production volumes, logistics activity and capital allocation. A severe or prolonged downturn in regional or global economic conditions, higher inflation, tighter credit conditions, reduced industrial output, or reduced customer spending may lead to decreased demand, delayed customer projects, price pressure, longer collection cycles and increased credit risk, which could materially and adversely affect our revenue, margins, cash flows and financial condition.

We are also exposed to risks arising from international trade policy changes and geopolitical tensions. Our overseas sales involve cross-border shipments and overseas manufacturing or OEM arrangements. Changes in trade and investment policies may lead to (i) higher landed costs for customers, (ii) reduced competitiveness of our products in certain markets, (iii) shipment delays, (iv) additional compliance burdens and costs, or (v) restrictions on our ability to sell or deliver products in certain jurisdictions. Such measures may be adopted with limited advance notice, vary by jurisdiction, and face escalation or retaliation.

Geopolitical events and political tensions may also disrupt global logistics and supply chains. These disruptions could delay delivery to customers, increase costs that may not be recoverable through pricing adjustments, and cause customers to shift procurement to alternative suppliers. In addition, geopolitical tensions may contribute to heightened foreign exchange volatility, which may affect the value of foreign currency-denominated receivables, cash balances and operating results. Any hedging measures we undertake may not fully mitigate such volatility and may introduce additional costs.

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

On February 17, 2023, the China Securities Regulatory Commission (the "CSRC") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Measures") and relevant supporting guidelines, which became effective on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, are required to fulfill the filing procedures with the CSRC.

We cannot guarantee the timely completion of filings or acquisition of approvals for future capital raising activities, nor can we ensure that new regulations will not add additional requirements or restrictions on our financing. If future financing requires CSRC or other regulatory approvals/filings, we may fail to meet such requirements in a timely manner.

We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities. These regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, or take other actions to restrict our financing activities, which could have a material adverse effect on our business and financial condition.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and a substantial portion of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors and senior management outside the PRC.

Although we will be subject to the Listing Rules and the Takeovers Code upon the [**REDACTED**] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Takeovers Code do not have the force of law in Hong Kong.

Furthermore, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Although 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》) has come into effect, there remain uncertainties regarding the interpretation and implementation of such arrangements.

We could be subject to changes in our tax rates, the adoption of new local or overseas tax legislation or exposure to additional tax liabilities.

The PRC Enterprise Income Tax Law (the "EIT Law") imposes a tax rate of 25% on PRC resident business enterprises. Some of our subsidiaries may be entitled to preferential tax treatment such as High and New Technology Enterprise status which allows for a preferential corporate income tax rate of 15%. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or if we fail to maintain our qualification for such treatment, our effective tax rate would increase correspondingly.

Our overseas operations and expansion face risks from complex, varying local tax regimes, including tax rate changes and revised interpretations of tax laws that may impact our effective tax rates. We are subject to tax authority examinations globally, with no guarantee our tax positions will be sustained; any higher effective tax rates or unaccrued tax liabilities could adversely affect our financial condition, operating results and cash flows.

We are a PRC enterprise and we are subject to PRC tax on our global income, and the dividends payable to* [REDACTED] *and gains on the sale of our H Shares by our* [REDACTED] *are subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, in principle we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax of the MOF and SAT (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) (Cai Shui Zi [1994] No. 020) issued by the MOF and SAT on May 13, 1994, dividend income of individual foreigners from PRC enterprises with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the 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》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and 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 individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [**REDACTED**] in our H Shares.

We are subject to the currency exchange regulation.

We are subject to PRC foreign exchange regulations governing RMB conversion, and cannot guarantee sufficient foreign exchange to meet our needs at any given exchange rate. Current-account transactions including dividend payments require documentary evidence and processing via licensed domestic foreign exchange banks, with no prior SAFE approval needed — this also applies to foreign-currency dividend payments post the [**REDACTED**], subject to procedural compliance. However, future changes to such foreign exchange policies cannot be assured. A shortage of foreign exchange may hinder dividend payments to shareholders, capital expenditure plans and other foreign exchange needs, adversely impacting our business, operating results and financial condition.

***Governmental control of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may adversely affect the value of your* [REDACTED].**

The PRC government regulates RMB convertibility and cross-border currency remittance, and a major share of our revenue is in RMB. Our dividend payments and debt servicing rely on dividend distributions from PRC subsidiaries, and foreign exchange shortages may hamper their ability to remit sufficient foreign currency for such payments and foreign-denominated obligations. Amid past capital outflows, the PRC has tightened foreign exchange policies and outbound capital scrutiny, and may further restrict current-account foreign exchange access at its discretion. A lack of sufficient foreign exchange due to such controls could prevent us from paying foreign-currency dividends to shareholders, adversely impacting the value of your [**REDACTED**].

RISKS RELATED TO THE [REDACTED]

No public market currently exists for our H Shares. An active* [REDACTED] *market for our H Shares may not develop and the* [REDACTED] *and* [REDACTED] *of our H Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our H Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the business performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong may affect the volatility of the price of, and trading volumes for, our H Shares. Some of the PRC-based companies listed in Hong Kong have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our H Shares.

Furthermore, pursuant to applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders (including the Pre-[**REDACTED**] Investors) are restricted from disposing of any of the Shares held by them. Due to such lock-up requirements, the liquidity and trading volume of the H Shares in the short term following the [**REDACTED**] may be significantly affected.

The price of our H Shares could fall below the* [REDACTED] *when trading commences.

Our H Shares will not commence [**REDACTED**] on the Stock Exchange until [**REDACTED**]. During this period, [**REDACTED**] may not be able to sell or otherwise deal in our H Shares. Accordingly, holders of our H Shares are at risk that the price may fall below the [**REDACTED**] due to adverse market conditions or other developments occurring between the time of sale and trading commencement.

Future sales or perceived sales of a substantial number of our H Shares in the public market following the* [REDACTED] *could materially and adversely affect the price of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

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

You will incur immediate and substantial dilution if the* [REDACTED] *of the* [REDACTED] *is higher than the net tangible asset value per Share and may experience further dilution if we* [REDACTED] *additional Shares in the future.

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

Our Controlling Shareholder has significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Immediately following the completion of the [**REDACTED**], our Controlling Shareholders will control approximately [**REDACTED**] of the voting power at our general meetings. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management.

The interests of our Controlling Shareholders may not always coincide with our or your best interests. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. If the interests of the Controlling Shareholders conflict with the interests of our Company or our other Shareholders, or if the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of our Company or other Shareholders, you may be disadvantaged as a result. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds.

We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. A decision to declare or pay dividends and the amount of such dividends will depend on various factors, including our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards, our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from official government sources.

This Document, particularly the section headed "Industry Overview," contains information and statistics relating to the green supply chain circular service industry in China and globally. Such information and statistics have been derived from various official government and other publications. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the Sole Sponsor, [**REDACTED**], [**REDACTED**], any of our or their respective directors, officers or representatives, or any other parties involved in the [**REDACTED**], and no representation is given as to their 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 any event, you should consider carefully the importance placed on such information or statistics.

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 "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would," or "will," and 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 risks and 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. Subject to the requirements of the Listing Rules, we do not intend to publicly 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.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [**REDACTED**].

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