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An investment in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our 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 titled “Forward-looking Statements” of this document.

Risks Related to Our Business and Industry

Our business and growth are significantly affected by the development of the e-commerce industry, as well as macroeconomic and other factors that affect demand for supply chain solutions and logistics services, in China and globally.

We generate a significant portion of volume of orders by serving merchants that conduct business on the various e-commerce platforms in China, including JD Group and other platforms, who rely on our supply chain solutions and logistics services to fulfill orders placed by consumers on such platforms. As such, our business and growth are highly dependent on the viability and prospects of the e-commerce industry in China.

Any uncertainties relating to the growth, profitability and regulatory regime of the e-commerce industry in China could have a significant impact on us. The development of the e-commerce industry in China is affected by a number of factors, most of which are beyond our control. These factors include but not limited to:

- the consumption power and disposable income of consumers in China, as well as changes in demographics and consumer tastes and preferences;
- the potential impact of the COVID-19 on our business operations and the economy in China and elsewhere generally;
- the growth of broadband and mobile Internet penetration and usage in China;
- the availability, reliability and security of e-commerce platforms;
- the selection, price and popularity of products offered on e-commerce platforms;
- the emergence of alternative channels or business models that better suit the needs of consumers in China;
- the development of logistics, payment and other ancillary services associated with e-commerce; and
- changes in laws and regulations, as well as government policies that govern the e-commerce industry in China.

The e-commerce industry is highly sensitive to changes of macroeconomic conditions, and e-commerce spending tends to decline during recessionary periods. Many factors beyond our control,

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including inflation and deflation, fluctuation of currency exchange rate, volatility of stock and property markets, interest rates, tax rates and other government policies and changes in unemployment rates can adversely affect consumer confidence and spending behavior on e-commerce platforms, which could in turn materially and adversely affect our growth and profitability. In addition, unfavorable changes in domestic and international politics, including military conflicts, political turmoil and social instability, may also adversely affect consumer confidence and spending behavior, which could in turn negatively impact our growth and profitability.

In addition, the global integrated supply chain logistics services industry has historically experienced cyclical fluctuations in operational and financial performance due to economic recessions, reductions in per capita disposable income and levels of consumer spending, downturns in the business cycles of customers, interest rate fluctuations and economic factors beyond our control. During economic downturns, whether in China or globally, reduced overall demand for supply chain services will likely reduce demand for our supply chain solutions and logistics services and exert downward pressures on our rates and margins. As we provide a significant portion of our supply chain solutions and logistics services for the e-commerce industry, if the online and offline retail channel integration trend or any other trend required for the development of the e-commerce industry does not develop as we expect, our business prospect may be adversely affected. In periods of strong economic growth, demand for limited transportation resources can also result in increased network congestion and operating inefficiencies. In addition, any deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and future prospects. For instance, some of our customers may face difficulties in paying us, and some may go out of business. These customers may not complete their payments as quickly as they had in the past, if at all, which may have adverse impact on our working capital. Furthermore, in an economic downturn, we may not be able to promptly adjust our expenses in response to changing market demands and it may be more difficult to match our staffing levels to our business needs.

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

The industries we operate in are highly competitive. Our extensive supply chain solutions and logistics services encompass a wide range of services, and as a result we may compete with a broad range of companies, such as integrated supply chain solution and service providers and express and freight delivery service providers. Specifically, there are multiple existing market players that offer integrated supply chain solutions and logistics services, and there may be new entrants emerging in each of the markets we operate in, and these market players compete to attract, engage and retain consumers and merchants. These companies may have greater financial, technological, research and development, marketing, distribution, and other resources than we do. They may also have longer operating histories, a larger customer base or broader and deeper market coverage. As a result, our competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than we do and may have the ability to initiate or withstand significant regulatory changes and industry evolution. Furthermore, when we expand into other markets, we will face competition from new competitors, domestic or foreign, who may also enter markets where we currently operate or will operate.

Any significant increase in competition may have a material adverse effect on our revenue and profitability as well as on our business and prospects. We cannot assure you that we will be able to continuously distinguish our services from those of our competitors, preserve and improve our

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relationships with various participants in the integrated supply chain logistics services industry, or increase or even maintain our existing market share. We may lose market share, and our financial condition and results of operations may deteriorate if we fail to compete effectively.

In addition, many operators in the integrated supply chain logistics services industry have consolidated in recent years to create larger enterprises with greater bargaining power, which has resulted in greater competitive pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further competitive pressures. New partnerships and strategic alliances in the integrated supply chain logistics services industry also can alter market dynamics and adversely impact our businesses and competitive positioning. If we cannot equip ourselves with necessary resources and skills, we may lose market share as competition increases. In addition, our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. If we are unable to anticipate or react to these competitive challenges, our competitive position could weaken, or fail to improve, and we could experience a decline in growth that could adversely affect our business, financial condition and results of operations. Further, certain large retailers other than JD Group may build or further develop their own logistics networks leveraging on their established warehousing and delivery capacities in selected areas in order to gain control of the consumer touchpoint and to create synergies with their businesses. They may also compete with us for qualified delivery personnel and warehouse staff with competitive remuneration. Any of the above could adversely affect our results of operations and market share.

A significant portion of our revenue was associated with JD Group during the Track Record Period and we expect a significant portion of our revenue to continue to be associated with JD Group in the foreseeable future. We may have different development prospects or conflicts of interest with JD Group and, because of JD Group's controlling ownership interest in our Company, may not be able to resolve such conflicts on favorable terms for us.

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

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

Agreements with JD Group. We have entered into agreements with JD Group and its associates (such as Jingdong Technology Holding Co., Ltd. (formerly known as Jingdong Digits Technology Holding Co., Ltd.) and Dada Group) with respect to material aspects of our operations and their continued cooperation with and support to us (including supply chain solutions and logistics services, advertising and promotion services, property leasing, payment services and shared services). See the sections headed "Connected Transactions" and "Relationship with our Controlling Shareholders" in this document for further details of such agreements. JD Group may use its control over us to prevent us from bringing a legal claim against JD Group in the event of a contractual breach, notwithstanding our contractual rights under the agreements and any other agreement we may enter into with the JD Group from time to time.

Employee recruiting and retention. We may compete with JD Group in the hiring of employees.

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

Developing business relationships with JD Group's competitors. So long as JD Group remains our Controlling Shareholder, we may be limited in our ability to do business with its competitors. This may limit our ability to market our services in the best interests of our Company and our other Shareholders.

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

Although we will be a stand-alone public company after the Global Offering, we expect to operate, for as long as JD Group remains one of our Controlling Shareholders, as an affiliate of JD Group. After we become a stand-alone public company, we will have an audit committee, consisting of independent non-executive Directors, to review and approve all proposed connected transactions as defined in the Listing Rules, including any transactions between us and JD Group and/or its associates. However, we may not be able to resolve all potential misalignments in interests, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. For further details as to how we address such conflicts, see the section headed "Relationship with our Controlling Shareholders" in this document.

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

We will continue to be controlled by JD Group after the Global Offering and will continue our substantial cooperation with JD Group in various aspects, including logistics services, technology and traffic, payment processing, marketing and administrative support. If JD Group discontinues its cooperation with us, reduces, suspends or terminates any type of support to us, we will need to obtain such support from other parties, or improve the capabilities on our own.

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

If JD Group loses its market position or suffers any negative publicity, it could have an adverse impact on our business, our marketing efforts, our relationships with strategic partners, our reputation and brand. Furthermore, as the "JD" brand name is shared among the members of JD Group and us, if we or these entities or our or their respective directors, management personnel or other employees take any action that damages the "JD" brand name or its corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or

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other proceedings (including alleged or future securities class actions) involving, or wrongdoing or corruption or other practices engaged by, any such directors, management personnel or employees, our brand image and reputation as well as our market value may be adversely affected.

We incurred significant net losses and accumulated losses in the past and we may not be able to achieve or maintain profitability in the future.

We have incurred net losses and accumulated losses during the Track Record Period and we may not be able to achieve or maintain profitability in the future. We incurred net losses of RMB2.8 billion, RMB2.2 billion and RMB4.0 billion in 2018, 2019 and 2020, respectively. As of December 31, 2018, 2019 and 2020, we had accumulated losses of RMB2.1 billion, RMB4.3 billion and RMB8.5 billion, respectively. **We expect to record a significant adjusted loss in 2021.** While our gross margin has improved from 2.9% in 2018 to 6.9% in 2019 and further to 8.6% in 2020, we cannot assure you that such improvement in gross margin would not be reversed in the future. Our gross profit margin for the three months ended March 31, 2021 was materially lower than that of the same period in 2020, primarily due to (a) COVID-19 related impacts in 2020, and (b) in the second half of 2020, (i) a significant increase in the number of our employees involved in operations, as well as (ii) our efforts in enhancing and expanding our logistics networks. In addition, our profit margin in 2020 benefited from COVID-19 related government policy support, such as relief of social security and waiver of toll charges, which we believe are non-recurring.

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

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

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

We have experienced significant growth during the Track Record Period. Our total revenue increased by 31.6% from RMB37.9 billion in 2018 to RMB49.8 billion in 2019 and further increased by 47.2% to RMB73.4 billion in 2020.

Although our business has grown rapidly during the Track Record Period, due to our limited independent operating history, our historical results of operations and financial performance may not be indicative of our future performance. In addition, we cannot assure you that we can continue to operate under our existing business model successfully. As the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve expected results and may have a material and adverse impact on our results of operations and financial condition. We expect our expenses to continue to increase in the future as

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we expand our business. Our expenses may grow faster than our revenue, and our expenses may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company in its ramp-up stage of development and operating in emerging and dynamic industries, including, among other factors, our ability to attract and retain customers, our ability to create value for participants in our ecosystem and increase monetization, our ability to navigate in the evolving regulatory environment, our ability to provide high-quality and satisfactory services, our ability to build up our reputation and promote our brand, and our ability to anticipate and adapt to changing market conditions. We may not be able to successfully address these risks and difficulties, which could significantly harm our business, results of operations and financial condition.

As we currently prioritize growth of our business and expansion of our market share over profitability, there can be significant fluctuations in our profitability profile in the near-to-medium term.

Given the significant market opportunities in the integrated supply chain logistics service industry in China, we expect that, in the near-to-medium term, we will prioritize growth of our business and expansion of our market share, which stood at 2.7% in 2020, according to the CIC Report. As such, we will continue to invest in our logistics infrastructure network, our employees, our solutions and service offerings, as well as our technological capabilities. These investments will result in significant fixed cost, including employee benefit expenses, rental costs, depreciation and amortization, and others. Since these investments are generally made in anticipation of future business growth, the relevant fixed cost could result in fluctuations in profit margin as our business volume ramps up.

While we believe prioritizing growth over near-to-medium profitability will result in our long-term competitiveness, it may cause fluctuations in our margin profile, especially over shorter periods (such as quarterly) where any impact on profit margin could be further augmented by seasonality factors. For example, our gross profit margin for the three months ended March 31, 2021 was lower than that of the same period in 2020.

We have incurred net liabilities in the past, which we may continue to experience in the future.

We had net liabilities of RMB0.9 billion, RMB2.1 billion and RMB2.9 billion as of December 31, 2018, 2019 and 2020, respectively. Our net liabilities position as of December 2018, 2019 and 2020 were primarily due to the financial liabilities recorded in connection with our convertible redeemable preferred shares. Our convertible redeemable preferred shares would be reclassified from liabilities to equity as a result of the automatic conversion into our Shares upon the Listing. Therefore, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares. Net liabilities position can expose us to the risk of shortfalls in liquidity. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects.

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Our results of operations, financial conditions and prospects may be adversely affected by the recoverability of our trade receivables.

Our trade receivables primarily consist of outstanding amounts payable by third parties. Our trade receivables from third parties, increased significantly from RMB1.6 billion as of December 31, 2018 to RMB3.2 billion as of December 31, 2019 and further increased by 70.0% to RMB5.5 billion as of December 31, 2020. The increases in trade receivables from third parties were primarily due to the significant growth of our business from external customers during the relevant periods. Our trading terms with some of our customers are on credit. We generally allow a credit period of 30 days to 180 days. Trade receivables are generally settled in accordance with the terms of the respective contracts. Our trade receivables turnover days were 36.7 days in 2018, 45.7 days in 2019, and 45.2 days in 2020. Other than the expansion of our business mentioned above, the increasing trend was due to that our clients gradually changed their contract parties from JD Group to us when renewing their contracts during the carve-out process, which lead to an increase of trade receivables balances, as well as turnover days. Our non-IFRS trade receivables turnover days were 75.9 days in 2018, 65.5 days in 2019, and 50.5 days in 2020. The decreasing trend was due to our continued improvement of trade receivables collection management. See “Financial Information—Discussion of Certain Key Items of Combined Statements of Financial Position—Current Assets/Liabilities—Trade receivables” for more details on our trade receivables and non-IFRS trade receivables. Credit risk for trade receivables arises when our customers default on their contractual obligations resulting in financial losses to our Company. To minimize the credit risk, our management has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, we use an internal credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business operations and financial condition.

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

We record goodwill primarily in connection with acquisitions. Our goodwill increased significantly from nil as of December 31, 2019 to RMB1.5 billion as of December 31, 2020 due to the acquisition of a controlling interest in Kuayue Express in August 2020. Our other intangible assets primarily consist of intangible assets other than goodwill. Our other intangible assets increased significantly from RMB14.2 million as of December 31, 2019 to RMB2.8 billion as of December 31, 2020 due to the recognition of the other intangible assets arising from the acquisition of a controlling interest in Kuayue Express in August 2020.

We perform impairment testing at the end of each reporting period to the extent there is goodwill or other intangible assets on our balance sheet. As of December 31, 2020, we were not aware of any indicators for the possibility of goodwill and intangible assets impairment, hence no impairment loss was recognized. While we did not recognize impairment loss for goodwill or intangible assets during the Track Record Period, we cannot assure you that there will be no such charges in the future.

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In particular, the failure to generate financial results commensurate with our intangible assets or goodwill estimates may adversely affect the recoverability of such intangible assets or goodwill, and in turn result in impairment losses. As we carry a substantial balance of intangible assets and goodwill, any significant impairment losses charged against our intangible assets or goodwill could have a material adverse effect on our business, financial condition and results of operations.

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

During the Track Record Period, we had outstanding convertible redeemable preferred shares, which were designated as financial liabilities at fair value through profits or losses. Their fair value is determined using valuation techniques. The assessment of fair value of our convertible redeemable preferred shares requires the use of unobservable inputs including discount rate, discount of lack of marketability and expected volatility. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could materially affect the fair value of our convertible redeemable preferred shares, which in turn may adversely affect our results of operations. In 2018, 2019 and 2020, we recognized net fair value losses in convertible redeemable preferred shares of RMB239.1 million, RMB315.5 million and RMB4.9 billion, respectively. We expect continued fluctuation of the fair value of our convertible redeemable preferred shares will affect our financial performance until the Listing Date, upon which all the convertible redeemable preferred shares will automatically convert into our Shares. After the automatic conversion of the convertible redeemable preferred shares into Shares upon the Listing, we do not expect to recognize any further loss or gain on fair value changes from the convertible redeemable preferred shares in the future.

Fluctuation of our financial assets at fair value through profit or loss has affected our results of operations during the Track Record Period and may continue to affect our results of operations in the future.

Fluctuation of fair value change of our current financial assets at fair value through profit or loss, which primarily consist of the wealth management products we purchased, may affect our results of operations. We made investments in wealth management products during the Track Record Period and recorded a fair value of wealth management products of nil, nil and RMB947.7 million as of December 31, 2018, 2019 and 2020, respectively. The wealth management products we purchased were issued by major and reputable commercial banks without guaranteed returns. The expected rates of return for such wealth management products held by us as of December 31, 2020 range from 1.35% to 3.65%. We are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains on the wealth management products we invest in or we will not incur any fair value losses on our investments in wealth management products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

In addition, we are subject to risks associated with the fair value change of our non-current financial assets at fair value through profit or loss, consist of the fair value of (i) equity securities in

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listed entities; (ii) equity investments in unlisted entities and (iii) preferred shares investments. See note 3.19 to the Accountants' Report in Appendix I to this document for a detailed description of the accounting treatment for each type of financial asset. As of December 31, 2018, 2019 and 2020, we recorded a fair value of our non-current financial assets at fair value through profit or loss of RMB1.1 billion, RMB1.0 billion, RMB1.1 billion, respectively. We use unobservable inputs (primarily expected volatility) to assess the fair value of certain of our equity investments in unlisted entities and preferred shares investments. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. These valuation methodologies that we use involve a significant degree of management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could affect the fair value of our non-current financial assets at fair value through profit or loss, which in turn may adversely affect our results of operations.

Our investment in an associate and joint ventures may subject us to risks associated with conducting operations through associates or joint ventures.

Our interest in an associate represents our share of interest in Xinning Logistics. We acquired 10% of the equity interest and voting power of Xinning Logistics for RMB357.4 million in 2019 and have the right to appoint two out of the six directors of Xinning Logistics under its articles of association. We recorded interest in an associate of RMB287.9 million as of December 31, 2019 and RMB224.0 million as of December 31, 2020. Our investment in joint ventures represents our investment in Suqian Jingdong Aosheng Enterprise Management Co., Ltd. ("Aosheng") and Jingxin Intelligence Manufacture Co., Ltd.. We recorded impairment charges on investment in Aosheng of RMB150 million for the year ended December 31, 2019. We may invest in additional associates or joint ventures in the future. Our results of operations might be affected by the results of any such associate or joint venture we invest in, as typically there is no cash flow to us until dividends are received. In addition, investment in an associate or a joint venture is not as liquid as compared with other types of investments. In particular, the failure to generate financial results commensurate with investments may result in impairment losses. Any significant impairment losses charged against our investments in associates or joint ventures could have a material adverse effect on our business, financial condition and results of operations. Furthermore, our associate or joint venture partners, as well as any future partners, may have interests that are different from ours which may result in conflicting views as to the conduct of the business of the joint venture. In the event that we have a disagreement with an associate or a joint venture partner as to the resolution of a particular issue of the associate or joint venture, or as to the management or operations of the business of the associate or the joint venture in general, we may not be able to resolve such disagreement in our favor and such disagreement could have a material adverse effect on our interest in the associate or the joint venture or the business of the associate or the joint venture in general.

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

Technology is critical to our supply chain solutions and logistics services. While we have been continuously enhancing our technology infrastructure, we may not be able to continue to improve our technology capabilities and develop new technologies to meet the future needs of our business. In addition, while we have been expanding and upgrading our logistics networks through enhancing automation, digitalization and intelligentization of our technology platform, we still relied heavily upon physical delivery by personnel in expanding our logistics network during the Track Record Period. If

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we are unable to maintain, improve and effectively utilize our technologies or to realize the expected results from our R&D investment, our business, financial condition, results of operations and prospects, as well as our reputation, could be materially and adversely affected. Any problem with the functionality and effectiveness of our software or platforms could also result in unanticipated system disruptions, slower response times, impaired user experiences, delays in reporting accurate operating and financial information among other things. In addition, enhancing our technology infrastructure requires significant investment of time and financial and managerial resources, including recruiting and training new technology personnel, adding new hardware and updating software and strengthening research and development. If our technology investments are unsuccessful, our business could suffer and we may be unable to recover the resources we commit to such initiatives.

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

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

If we are unable to manage the expansion of our logistics infrastructure successfully, our business prospects and results of operations may be materially and adversely affected.

As of December 31, 2020, our warehouse network covered almost all counties and districts across China, consisting of over 900 warehouses operated by us and over 1,400 cloud warehouses operated by third-party warehouse owner-operators under our Open Warehouse Platform. The warehouses under our Open Warehouse Platform are “cloud-based” as these third-party warehouses leverage our cloud-based warehousing technologies, standards and brand name and constitute an extension of our self-operated warehouses. As of December 31, 2020, our warehouse network had an aggregate gross floor area (the “GFA”) of approximately 21 million square meters, including the GFA of the cloud warehouses under our Open Warehouse Platform. See “Business—Our warehouse network.” for more details. As of December 31, 2020, we had an operation team of over 240,000 personnel who are responsible for delivery, warehouse operations as well as other functions such as customer services.

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We are working with JD Group to build larger, custom-designed warehouses to increase our storage capacity and to restructure and reorganize our logistics workflow and processes. We also plan to establish more warehouses in additional counties and districts to further enhance our ability to deliver products to customers directly ourselves. As we continue to add logistics and warehouse capability, our logistics network becomes increasingly complex and challenging to operate. We cannot assure you that we will be able to set up warehouses or lease suitable facilities on commercially acceptable terms or at all. Moreover, the order volume in those less developed areas may not be sufficient to allow us to operate our own delivery network in a cost efficient manner. We may not be able to recruit a sufficient number of qualified employees in connection with the expansion of our logistics infrastructure. In addition, the expansion of our logistics infrastructure may strain our managerial, financial, operational and other resources. If we fail to manage such expansion successfully, our growth potential, business and results of operations may be materially and adversely affected. Even if we manage the expansion of our logistics infrastructure successfully, it may not give us the competitive advantage that we expect if improved logistics services become widely available at reasonable prices to our existing and potential customers, such as large retailers, in China.

Our financial position and results of operations may be materially adversely impacted if our expenditure on warehouses and equipment do not match customer demand or if there is a lack of funding for these investments.

In order to carry out our strategies and expansion plan, we incur significant expenses on equipment and infrastructure in connection with the growth of our business, including leasing warehouses, fleet procurement, and purchase of equipment and other fixed assets.

To facilitate our future expansion, including the entry into new markets, we may need to continue to make substantial capital expenditures. Our operations require significant expenditure on warehouses and equipment, the amount and timing of which depend on various factors, including anticipated order volume and the price and availability of appropriate property that could be used as our warehouses. If our anticipated requirements for warehouses, fleet or other equipment differ materially from actual usage, our operations may have more or less capacity than is optimal.

Our expenditure on warehouses and equipment depend on our ability to generate cash flow from operations and our access to credit, debt and equity capital markets. A decline in the availability of these funding sources could adversely affect our financial condition and results of operations. Even if we have sufficient funding, facilities and equipment that best suit our needs may not be available at reasonable prices or at all. For example, warehouse resources may be scarce in an area that best fits our network expansion plan due to local zoning plans or other regulatory controls. In addition, we are likely to incur expenditures earlier than all of the anticipated benefits and the return on these expenditure may be lower, or may be realized more slowly, than we expected. In addition, the carrying value of the related assets may be subject to impairment, which may adversely affect our financial conditions and operating results. Furthermore, our continued expenditure on our logistics infrastructure and networks may put us at a competitive disadvantage against competitors who spend less on these assets but focus more on improving other aspects of their business that are less capital intensive.

Any disruption to the operation of the warehousing and logistics facilities operated by us or other third-party transportation companies and couriers that facilitate our logistics services, or to the development of new warehousing and logistics facilities, could have a material adverse effect on our business, financial condition and results of operations.

As of December 31, 2020, our warehouse network covered almost all counties and districts across China, consisting of over 900 warehouses operated by us and over 1,400 cloud warehouses

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operated by third-party warehouse owner-operators under our Open Warehouse Platform. The warehouses under our Open Warehouse Platform are “cloud-based” as these third-party warehouses leverage our cloud-based warehousing technologies, standards and brand name and constitute an extension of our self-operated warehouses. As of December 31, 2020, our warehouse network had an aggregate GFA of approximately 21 million square meters, including the GFA of the cloud warehouses under our Open Warehouse Platform. See “Business—Our warehouse network.” for more details. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortage, storms, fires, environmental pollutions, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land underlying these facilities, could destroy any inventory located in these facilities and significantly impair our business operations. We may not be able to identify suitable replacement warehousing and logistics facilities that meet our requirements in a timely manner, should any of the foregoing occur.

If our customers reduce their expenditure on third-party supply chain solutions and logistics services or increase utilization of their internal solutions, our business and operating results may be materially and adversely affected.

Our growth strategy is partially based on the assumption that the trend toward outsourcing of supply chain services will continue. Third-party service providers like us are generally able to provide such services more efficiently than otherwise could be provided “in-house,” primarily as a result of our expertise, technology and lower and more flexible employee cost structure. However, many factors could cause a reversal in the trend. For example, our customers may see risks in relying on third-party service providers, or they may begin to define these activities as within their own core competencies and decide to perform supply chain operations themselves. If our customers are able to improve the cost structure of their in-house supply chain activities, including in particular their labor-related costs, we may not be able to provide our customers with an attractive alternative for their supply chain needs. If our customers in-source significant aspects of their supply chain operations, or if potential new customers decide to continue to perform their own supply chain activities, our business, results of operations and financial condition may be materially adversely affected.

If we fail to cost-effectively attract new customers to use our solutions and services, or to maintain relationships with existing customers, our business and results of operations could be adversely affected.

The success of our business depends in part on our ability to cost-effectively attract and retain new customers and increase engagement of existing customers by providing additional solutions and services. During the Track Record Period, we were successful in increasing our cooperation with existing customers. The average revenue per external integrated supply chain customer increased from RMB234,057 in 2018 to RMB279,401 in 2019 and further to RMB312,617 in 2020. We believe that our selling and marketing efficiency, consistent and reliable services and rapid responses to changing customer preferences have been critical in promoting awareness of our services, which in turn drive customer growth and engagement. However, if our promotional activities and marketing strategies do not work efficiently, we cannot maintain our selling and marketing expenses at a reasonable level.

In addition, if the customers do not perceive our solutions and services to be timely and reliable, we may not be able to attract and retain customers and increase their use of our solutions and services. If we fail to cost-effectively retain customers and increase their use of our solutions and services, our business and results of operations could be adversely and materially affected.

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Further, while we currently believe we can achieve profitability and grow cash flows organically through further penetration of existing customers and by expanding our customer base, we may not be able to effectively and successfully implement such strategies and realize our stated goals. Our goals may be negatively affected by a failure to further penetrate our existing customer base, expand our service offerings, pursue new customer opportunities, manage the operations and expenses of new or growing service offerings or otherwise achieve growth of our service offerings.

Failure to successfully implement our business strategy, effectively respond to changes in market dynamics and satisfactorily meet customer demand will cause our future financial results to suffer.

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

In addition, we make planning and spending decisions, including capacity expansion, procurement commitments, personnel needs and other resource requirements based on our estimate of customer demand. In particular, we may potentially experience capacity and resource shortages in fulfilling customer orders during peak season of e-commerce consumption or following special promotional campaigns on any e-commerce platforms. Failure to meet customer demand in a timely fashion or at all will adversely affect our competitive position, financial condition and results of operations.

Overall tightening of the labor market, increases in labor costs or any labor unrest, including strikes, may affect our business as we operate in a labor-intensive industry.

Our business requires a substantial number of personnel, and labor costs comprised 48.4%, 44.8% and 41.0% of our total operating expenses and cost of revenue in 2018, 2019 and 2020, respectively. Any failure to retain stable and dedicated labor by us may lead to disruptions to or delays in our services. We often hire additional or temporary workers, in particular logistics and delivery personnel, during peak periods of e-commerce activities. We have observed an overall tightening labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salaries, social benefits and employee headcounts and we may also face seasonal labor shortages. We may compete with other companies for labor, and we may not be able to offer competitive salaries and benefits compared to what other companies do.

We engage outsourcing firms to provide outsourced personnel for a portion of our operations. We have limited control over these personnel and may be liable for violations of applicable PRC labor laws and regulations.

We engage outsourcing firms who send a large number of their employees to work at our logistics facilities. We enter into agreements with the outsourcing firms only and therefore do not have

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any direct contractual relationship with these outsourced personnel. Since these outsourced personnel are not directly employed by us, our control over them is more limited as compared to our own employees. If any outsourced personnel fails to operate or perform their duties in accordance with our protocols, policies and business guidelines, our market reputation, brand image and results of operations could be materially and adversely affected.

Our agreements with the outsourcing firms provide that we are not liable to the outsourced personnel if the outsourcing firms fail to fulfill their duties to these personnel. However, if the outsourcing firms violate any relevant requirements under the applicable PRC labor laws, regulations or their employment agreements with the personnel, such personnel may claim compensation from us as they provide their services at our logistics facilities. As a result, we may incur legal or financial liability, and our market reputation, brand image as well as our business, financial condition and results of operations could be materially and adversely affected.

We use third parties in some aspects of our operations and failure to maintain positive relationships with them could have a material adverse effect on our business, financial condition and results of operations.

We engage independent third parties to supplement some aspects of our operations, such as freight transportation and last-mile delivery. We depend in part on third parties to provide transportation services, including fleet and drivers, warehousing equipment, replacement parts, packaging and certain other materials. Our equipment and transportation service supplier bases are not concentrated and their performance will impact our overall service quality. In addition, the market for third-party transportation services is fragmented with a large number of service providers, and it can be difficult to find reliable partners whose performance and reliability meet our standards at the scale our operations require. Decreased availability or increased costs of key logistics and supply chain services, such as warehousing equipment and materials, could impact our cost of operations, our profitability, as well as our cash flows. In addition, we may also be exposed to legal risks and subject to certain liabilities, including administrative fines, if those third parties fail to obtain all necessary licenses and permits as required.

In addition, we are dependent in part on third parties to report certain events to us, such as delivery information and cargo claims. This partial reliance on third parties could cause delays in reporting certain events, impacting our ability to recognize revenue and claims in a timely manner. In addition, we cannot assure you that we will be able to obtain access to preferred third-party service providers at attractive rates or that these providers will have adequate capacity available to meet the needs of our customers.

We believe that we have good relationships with our suppliers and are generally able to obtain favorable pricing and other terms from such parties. If we fail to maintain these relationships with our vendors and suppliers, or if our vendors and suppliers are unable to provide the products and services we need or undergo financial hardship, we could experience difficulty in obtaining needed equipment, materials and services because of production interruptions, limited material availability or other reasons. Subsequently, our business and operations could be materially and adversely affected. In addition, our inability to maintain positive relationships with these independent third party service providers could significantly limit our ability to serve our customers on competitive terms. If we are unable to secure sufficient equipment or other transportation or delivery services to meet our commitments to our customers or provide our services on competitive terms, our customers could shift their business to our competitors or other third-party service providers, temporarily or permanently, and our operating results could be materially and adversely affected. Our ability to secure sufficient

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equipment or other transportation or delivery services to meet our commitments to customers or provide our services on competitive terms is subject to inherent risks, many of which are beyond our control, including:

- equipment shortages, particularly among contracted truckload carriers and railroads;
- interruptions or stoppages in transportation services as a result of labor disputes, strikes, network congestion, weather-related issues, “Acts of God” or acts of terrorism;
- changes in regulations that have adverse impact on transportation;
- increases in operating expenses for carriers, such as fuel costs, insurance premiums and licensing expenses, that result in a reduction in available carriers; and
- changes in transportation rates.

We may face challenges associated with expanding or diversifying our solution and service offerings and exploring new business.

The ongoing success of our business depends on our ability to continue to introduce innovative supply chain solutions and logistics services to meet evolving market trends and satisfy changing customer demands. We intend to further diversify our service offerings and expand our customer base to increase our revenue sources in the future.

For example, to expand our capabilities and solutions for our customers and provide Chinese enterprises with greater global access, we have been endeavoring to establish a Global Smart Supply Chain network (GSSC) through building alliances with local logistics companies in overseas markets that supplement our own operations. These business initiatives are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful.

New services or new types of customers may involve risks and challenges we do not currently face. Such new initiatives may require us to devote significant financial and managerial resources and may not perform as well as expected. We may not be able to successfully anticipate and address customer demand and preferences and our existing network and facilities may not be adaptable to the new services provided to customers. For example, different service offerings will likely impose different equipment specifications and service standards. We may also be inexperienced with the operating models and cost structures associated with a new type of customer. In addition, we may not be able to ensure adequate service quality, and therefore may receive complaints or incur costly liability claims, which would harm our overall reputation and financial performance. We may also selectively invest in emerging business opportunities in adjacent logistics market, or leverage our existing network and infrastructure to directly engage in these businesses. We may not be able to achieve profitability or recoup our investments with respect to any new services or new types of customers in time or at all.

Our business is subject to the risks associated with international expansion initiatives.

We plan to continue to expand our footprint internationally as part of our growth strategy. In addition to China, we have facilities in multiple overseas countries and expect to open additional overseas facilities and hire employees to work at these facilities in order to reach new customers and expand the reach of our service network. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in

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addition to those we already face in China. Specifically, our overseas operations are subject to various operational and financial risks that could adversely affect our business. The services we provide outside China are subject to risks resulting from changes in tariffs, trade restrictions, trade agreements, tax policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, data protection, trade compliance, and intellectual property laws in the respective overseas jurisdictions. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. In addition, as we expand our business internationally, we will be exposed to increased risk of loss from foreign currency fluctuations and exchange controls.

Because of our limited experience with international operations as well as developing and managing operations in international markets, our international expansion efforts may not produce the results we expect. In addition, we will face risks in doing business internationally that could adversely affect our business. For instance, we face difficulties managing and staffing international operations and the increased operating, travel, infrastructure and legal compliance costs associated with international business. In addition, we must offer customer service in various languages, adapt and localize our solution and service offerings for specific countries and regions, appropriately price our solutions and services and work with overseas business partners and other third parties, such as local transportation service providers. We are also subject to general risks inherent in international operations, such as fluctuations in exchange rates, embargoes and customer clearances, as well as political or social unrest or economic instability in regions in which we operate.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

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

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to develop new services or solutions and enhance our competitive position. Investments or acquisitions involve numerous risks, including potential failure to achieve the expected benefits of the integration or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; potential write-offs of acquired assets or investments; and downward effect on our operating results. These transactions will also divert the management's time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses. We may also in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with potential leakage of proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business.

In addition, if we do not successfully execute or effectively operate, integrate, leverage and grow acquired businesses, our financial results and reputation may suffer. Our strategy for long-term growth, productivity and profitability depends in part on our ability to make prudent strategic investment or acquisition decisions and to realize the benefits we expect when we make those investments or acquisitions. For example, in August 2020, we acquired a controlling interest in Kuayue Express, a renowned modern integrated express transportation enterprise specializing in less-than-truckload (LTL) in China. While we expect our past and future acquisitions to enhance our value

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proposition to customers and improve our long-term profitability, there can be no assurance that we will realize our expectations within the time frame we envisage, if at all, or that we can continue to support the value we allocate to these acquired businesses, including their goodwill or other intangible assets.

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

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

Our results of operations are subject to seasonal fluctuations.

We experience seasonality in our business, mainly correlating to the seasonality patterns associated with the e-commerce and logistics and supply chain industries in China. We typically experience a seasonal surge in volume of orders during the second and fourth quarters of each year when major online retail and e-commerce platforms launch special promotional campaigns, for example, around June 18 Anniversary Sale and China's new online shopping festival on November 11 each year. We may experience capacity and resource shortages in fulfilling orders during the period of such seasonal surge in our business. On the contrary, activity levels across our business lines are typically lower around Chinese national holidays, including Chinese New Year in the first quarter of each year, primarily due to weaker consumer spending, lower user activity levels and decreased availability of delivery personnel and warehouse staff during these holiday seasons.

Our financial condition and results of operations for future periods may continue to fluctuate, and the trading price of our Shares, may fluctuate from time to time, due to seasonality.

Fluctuations in the price or availability of fuel, may adversely affect our results of operations.

We offer transportation services as part of our supply chain solutions and logistics services, for which we use heavy-duty trucks as the major transportation instrument. Therefore truck fuel costs and tolls account for a portion of our cost. We, or our suppliers, must purchase large quantities of fuel to meet the demand of our vehicles, and the price and availability of fuel is subject to political, economic, and market factors that are outside of our control and can be highly volatile. In the event of significant fuel prices rise, our related costs may arise and our gross profits may decrease if we are unable to adopt

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any effective cost control-measures or pass on the incremental costs to our customers in the form of service surcharges.

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

Our business is subject to rigorous regulation, and we are required to hold a number of licenses, permits and filings in connection with our business operation, including, but not limited to, Value-Added Telecommunication License, Courier Service Operation Permit, Road Transportation Operation Permit, Food Operation License and Civil Unmanned Aerial Vehicle Business License, and filings for our express delivery terminal outlets and our branches providing express delivery service. Failure to satisfy these requirements may result in penalties to rectify, fines, or suspension of business for remediation. We hold all material licenses and permits described above for our current operations and are applying for certain permits and filings with the government authorities and modification of certain licenses and permits. For example, under the PRC laws, we are required to complete filings with local postal administrations for our express delivery terminal outlets within twenty days from the operation of such express delivery terminal outlets. Where an express delivery service operator fails to complete such filing, such express delivery service company may be ordered to rectify or incur administrative penalties imposed by authorities, including a fine ranging up to RMB50,000. However, we cannot assure you that we can complete such filings in a timely manner, or at all, due to complex procedural requirements and the expansion of our business. In addition, pursuant to the Administrative Regulations on Commercial Franchising Operations promulgated by the State Council in 2007 and Administrative Measures on the Record Filing of Commercial Franchises issued by Ministry of Commerce in 2011, commercial franchising refers to the business activities where an enterprise that possesses the registered trademarks, enterprise logos, patents, proprietary technology or any other business resources allows such business resources to be used by another business operator through contract and the franchisee follows the uniform business model to conduct business operation and pay franchising fees according to the contract. Guangdong Hongbang Tuoxian Logistics Technology Co., Ltd. (廣東弘邦拓先物流科技有限公司) and its subsidiaries are therefore subject to regulations on commercial franchising. Under the relevant regulations, we may be required to file our commercial franchising agreement with the Ministry of Commerce or its local counterparts. Otherwise, we may be required to file our commercial franchising agreement with the Ministry of Commerce or its local counterparts within a specified time limit and subject to fines ranging from RMB10,000 to RMB50,000 and if we fail to rectify within the prescribed time limit, we may be subject to an additional fine ranging from RMB50,000 to RMB100,000 and the relevant authority may issue a public announcement. In addition, each vehicle used for road freight transportation must have a Road Transportation Certificate and the drivers of such vehicles shall have corresponding qualification certificates unless such vehicle is an ordinary freight vehicle with a total mass of 4.5 tons or less. See “Regulations—Road Transportation Operation Permit.” Although we have established an internal control system to ensure our vehicles and drivers employed by us to obtain and hold effective permits and qualification certificates as required, we cannot ensure that we can fully comply with such requirement all the time considering the periodic renewal requirements, the employee mobility, and the expansion of our business. Failure to comply with these regulations mentioned above may result in requirement to rectify, fines, suspension of business for remediation or revocation of permit.

During the Track Record Period, information contained in certain licenses, certificates and permits we obtained has not been updated in a timely manner, such as the business address, the legal representative, and the shareholding structure. We are in the process of applying for such registration

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amendment, and any failure to complete the registration amendment in a timely manner may cause fines and penalties.

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

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

Our use of some leased properties could be challenged by third parties or government authorities, which may cause interruptions to our business operations. Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

Some of the lessors of our leased properties have not provided us with their property ownership certificates or other documentation proving their right to lease those properties to us. 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. Some of our leased properties were also subject to mortgage at the time the leases were entered into. Such lease may not be binding on the transferee of the property in the event that the mortgage holder forecloses on the mortgage and transfers the property to another party. In addition, a substantial portion of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. Also, in the event that the actual use of our leased properties is inconsistent with the use registered on the land use right certificate or our leased properties are on allocated land (劃撥土地), the competent authorities may require the lessors to return the land and impose fines on the lessors, or confiscate the proceeds from the leasing of the properties and imposed fines on the lessor if such properties are leased without their consent or handing in such income, as applicable. Therefore, the relevant lease agreements may be deemed to be in breach of the law and therefore be void. In addition, regulatory and administrative measures on fire safety in China may vary among different regions, and some internal regulatory guidance may not be published timely. During the Track Record Period and up to the Latest Practicable Date, none of the title defects of the leased properties were material to our Company and there were no material safety issues in relation to such properties. In addition, we cannot assure you that all our leased properties in China have filed the fire-control registration or have been satisfied with all fire-control requirements as required by relevant PRC laws and regulatory rules and standards. As a result, our use of the leased property may be affected. In the event that our use of properties is

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successfully challenged by the regulators or due to fire incidents, we may be forced to relocate from the affected operations.

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 assure you that our use of such leased properties will not be challenged in the future. In the event that our use of properties is successfully challenged, we may be subject to fines and forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. 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 materially and adversely affected.

We face risks associated with the items we deliver and the contents of shipments and inventories handled through our logistics networks, including real or perceived quality or health issues with the products that are handled through our logistics networks, and risks inherent in the logistics industry, including personal injury, product damage, and transportation-related incidents.

We handle a large volume of parcels and freights across our logistics network, and face challenges with respect to the protection and examination of these parcels. Parcels in our network may be delayed, stolen, damaged or lost during delivery for various reasons, and we may be perceived or found liable for such incidents. In addition, we may fail to screen parcels and detect unsafe or prohibited/restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other parcels in our network, harm the personnel and assets of us, or even injure the recipients. Furthermore, if we fail to prevent prohibited or restricted items from entering into our network and if we participate in the transportation and delivery of such items unknowingly, we may be subject to administrative or even criminal penalties, and if any personal injury or property damage is concurrently caused, we may be further liable for civil compensation.

The delivery of parcels also involves inherent risks. We constantly have a large number of vehicles and personnel in transportation, and are therefore subject to risks associated with transportation safety, and the insurance maintained by us may not fully cover the liabilities caused by transportation related injuries or loss. From time to time, our vehicles and personnel may be involved in transportation and vehicle accidents, and the parcels carried by them may be lost or damaged. In addition, frictions or disputes may occasionally arise from the direct interactions between our pickup and delivery personnel with parcel senders and recipients. Personal injuries or property damages may arise if such incidents escalate.

Any of the foregoing could disrupt our services, cause us to incur substantial expenses and divert the time and attention of our management. We may face claims and incur significant liabilities if found liable or partially liable for any of injuries, damages or losses. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. Any uninsured or underinsured loss could harm our business and financial condition. Governmental authorities may also impose significant fines on us or require us to adopt costly preventive measures. Furthermore, if our services are perceived to be insecure or unsafe by our customers, e-commerce platforms and consumers, our business volume may be significantly reduced, and our business, financial condition and results of operations may be materially and adversely affected.

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We face risks and challenges associated with our cold chain logistics services, including environmental, health and safety issues and increasing costs in developing the business.

Our cold chain logistics services focus on fresh produce and perishable products, relying on our comprehensive cold chain logistics service capabilities in terms of storage network, transportation network and distribution network. Our extensive cold chain logistics network enables us to provide integrated cold chain logistics services to our customers.

We store frozen and perishable food and other products. Product contamination, spoilage, other adulteration, product tampering or other quality control issues could occur at any of our temperature-controlled warehouses or during the transportation of these products, which could cause our customers to lose all or a portion of their inventory. We could be liable for the costs incurred by our customers as a result of the lost inventory, and we also may be subject to liability, which could be material, if any of the pharmaceutical products, frozen and perishable food products we stored or transported caused illness or death. The occurrence of any of the foregoing may negatively impact our brand and reputation and otherwise have a material adverse effect on us.

If we fail to comply with applicable environmental, health and safety laws and regulations in relation to our cold chain logistics services, we may face administrative, civil or criminal fines or penalties, including bans on making future shipments in particular geographic areas, and the suspension or revocation of necessary permits, licenses and authorizations, all of which may materially adversely affect our business, results of operations and financial condition. Further, current and future environmental, health and safety laws, regulations and permit requirements could require us to make changes to our operations, or incur significant costs relating to compliance.

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

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

Our technology systems may also experience telecommunications failures, computer viruses, failures during the process of upgrading or replacing software, databases or components, power outages, hardware failures, user errors, or other attempts to harm our technology systems, which may result in the unavailability or slowdown of our technology platform or certain functions, delays or errors in transaction processing, loss of data, inability to accept and fulfill orders, reduced gross merchandise volume and the attractiveness of our technology platform. Further, hackers, acting individually or in coordinated groups, may also launch distributed denial of service attacks or other

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coordinated attacks that may cause service outages or other interruptions in our business. Any of such occurrences could cause severe disruption to our daily operations. If we cannot successfully execute system maintenance and repair, our business and results of operations could be adversely affected and we could be subject to liability claims.

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

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

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

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

Our business generates and processes a large quantity of personal, transactional, behavioral and demographic data. Each waybill contains the names, addresses, phone numbers and other contact information of the sender and recipient of an order placed and delivered through our logistics and supply chain services. The content of the item delivered may also constitute or reveal confidential information. We face inherent risks when handling and protecting large volumes of data, including protecting the data stored in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any system failure, security breach or third parties attacks or attempts to illegally obtain the data that results in any actual or perceived release of

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user data could damage our reputation and brand, deter current and potential customers from using our services, damage our business, and expose us to potential legal liability.

The data could also be subject to confidentiality. Although we have data security policies and measures in place, for example, leveraging on our encryption techniques, order code, instead of actual personal information, of each transaction will be shown to our personnel as well as delivery personnel handling the orders, we cannot assure you that the information will not be misappropriated, as a large number of delivery personnel handle the orders and have access to the relevant confidential information. We also have a large number of outsourced workers who are not our employees, which makes it more difficult for us to implement adequate management, supervision and control over them.

We are subject to various PRC laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personally identifiable information with respect to our customers and employees including any requests from regulatory and government authorities relating to this data. Further, PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For example, in July 2020, the Standing Committee of the NPC published for public comment a draft Data Security Law, which provides that varying levels of data protection measures will be applied at the national level based on the level of importance of the data, and the collection and use of such data should not exceed the necessary limits. We expect that these areas will receive greater public scrutiny and attention from regulators and more frequent and rigid investigation or review by regulators, which will increase our compliance costs and subject us to heightened risks and challenges. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

We or our directors or senior management may from time to time become parties to claims, lawsuits, legal or administrative disputes and other proceedings that may adversely affect our reputation, business and results of operations.

Our business operations entail substantial litigation and regulatory risks, including, among others, the risk of lawsuits and other legal actions relating to commercial disputes, fraud and misconduct, sales and user services and control procedures deficiencies, labor disputes, transportation accidents, personal injuries, property damages, as well as the protection of personal and confidential information of our customers and business partners. We may be subject to claims and lawsuits in the ordinary course of our business. For example, we, or our pickup and delivery personnel, may be occasionally confronted with property damages disputes filed by our parcel senders and recipients. As we provide long-term road logistics services for commercial entities, some disputes on detailed road logistics prices and settlement of service fees may occur. We may also be liable for personal injuries or property damages of our pickup and delivery personnel or third parties, resulting from transport accidents happened in the course of their work. In addition, as we operate in a labor-intensive industry, though we maintain a good working relationship with our employees and have not experienced any material labor disputes so far, it is still possible that certain labor-related disputes may happen from time to time in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by relevant regulatory and other governmental agencies. For example, delivery price adjustments in shopping seasons may attract the attentions of the relevant government authorities. Consumer complaints against the service provided by us may also lead to an inquiry or investigation from the consumer protection authorities. Some of our branches engaging in express delivery service are subject to routine inspection by the State Post Bureau or its local counterpart in the

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ordinary course of our business, and we may be subject to administrative penalty if we could not fully comply with the applicable laws and regulations regarding express delivery, such as security inspections on articles. For example, one of our branches was ordered to make correction for its failing to perform real-name receipt and delivery in strict compliance. Another branch of us was imposed a fine of RMB3,000 because of the absence of an emergency response plan for unexpected security incidents. Actions brought against us may result in settlements, injunctions, fines, penalties or other results adverse to us that could harm our business, financial condition, results of operations and reputation. Even if we are successful in defending ourselves against these actions, the costs of such defense may be significant to us. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations, reputation and prospects. Our directors, management and employees may from time to time be subject to litigation, regulatory investigations, proceedings and/or negative publicity or otherwise face potential liability in relation to commercial, labor, employment, securities or other matters, which could affect their ability or willingness to continue to serve our Company or dedicate their efforts to our Company and negatively affect our brand and reputation, resulting in an adverse effect on our business, operating results and financial condition. In April 2019, a civil lawsuit was filed before a Minneapolis court against Mr. Richard Qiangdong Liu, our Director, and JD.com (for vicarious liability), arising from an incident involving alleged nonconsensual contact in August 2018, seeking damages exceeding US\$50,000 from Mr. Liu and JD.com. JD.com and Mr. Liu believe that all such claims against JD.com and Mr. Liu are without any merit and intend to vigorously defend against the validity of all such claims. Since April 2019, this lawsuit has remained at an early stage, and the ultimate resolution of such claims cannot be determined.

Any damage to the reputation and recognition of our brand names, including negative publicity against us, our solutions and services, operations and our directors, senior management and business partners may materially and adversely affect our business operations and prospects.

We believe our brand image and corporate reputation will play an increasingly important role in enhancing our competitiveness and maintaining business growth. Many factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. These factors include our ability to provide superior solutions and services to our customers, successfully conduct marketing and promotional activities, manage relationship with and among our customers and business partners, and manage complaints and events of negative publicity, maintain positive perception of our Company, our peers and logistics industry in general. Any actual or perceived deterioration of our service quality, which is based on an array of factors including customer satisfaction, rate of complaint or rate of accident, could subject us to damages such as loss of important customers. Any negative publicity against us, our solutions and services, operations, directors, senior management, employees, business partners or our peers could adversely affect customer perception of our brand, cause damages to our corporate reputation and result in decreased demand for our solutions and services. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our customer base, and our business and growth prospects may be adversely affected.

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Our business may be materially and adversely affected by adverse news, scandals or other incidents associated with China's logistics industry.

Incidents that reflect doubt as to the safety of shipment and inventories or the safety of delivery personnel in the logistics industry, particularly the express delivery industry, including our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the logistics industry in general, even if such parties or incidents have no relation to us, our management, our employees, our suppliers or our other business partners. Such negative publicity may indirectly and adversely affect our reputation and business operations. In addition, incidents not related to the safety of shipment and inventories or the safety of delivery personnel or other negative publicity or scandals implicating us, our employees, or our other business partners, regardless of merit, may also have an adverse impact on us and our reputation and corporate image.

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

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

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

We are or will be subject to rules and regulations by various governing bodies, including, for example, the Stock Exchange, which together with the SFC is charged with the protection of investors and the oversight of companies whose securities are publicly traded, the various regulatory authorities in China, Hong Kong and the Cayman Islands, and to new and evolving regulatory measures under

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applicable law. Our efforts to comply with new and changing laws and regulations have resulted in and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

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

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

Our business is subject to governmental supervision and regulation by the relevant PRC governmental authorities, including but not limited to the State Post Bureau, the Ministry of Transport, MIIT and the General Administration of Customs. Together, these governmental authorities promulgate and enforce regulations that cover many aspects of our day-to-day operations, and we may fail to fully comply with certain of these regulations. See also “Regulations.” For example, the PRC Postal Law indicates that express delivery companies cannot engage in “posting and mail delivery business exclusively operated by postal enterprises.” However, PRC law does not provide a definition for “posting and mail delivery business exclusively operated by postal enterprises.” If the authorities define such term in the future and if the parcels that we deliver fall into the defined category, we may be considered in violation of such regulation. Noncompliance with applicable laws, regulations and policies by us may materially and adversely impact our business, reputation, financial condition and results of operations.

According to the Interim Regulations on Express Delivery, which were promulgated by the State Council on March 2, 2018, took effect on May 1, 2018 and were amended on March 2, 2019, we are subject to a revised set of requirements in operating our express delivery business, including but not limit to: (i) we are required to file records with the local post administrations for opening express delivery terminal outlets; (ii) in case we intend to suspend operating express delivery services, we shall make public announcement, submit a written notice to the postal administrative departments, return the Courier Service Operation Permit and make proper arrangement on undelivered express parcels; (iii) we shall not sell, reveal or illegally provide any information of customer and we shall take remedial measures and report to the local post administrations in case the information of customer is revealed or may be revealed; and (iv) we shall verify the identity of senders and register their identity information when receiving express parcels and shall not receive their express parcels where senders refuse to furnish identity information or furnish false identity information. The operation of our express delivery service is subject to this regulation. We cannot assure that we will be compliant with all of the regulations, and we may be required to rectify, or otherwise be subject to fines, suspension of business for remediation or revocation of Courier Service Operation Permit.

Pursuant to the Administrative Provisions concerning the Running of Cargo Vehicles with Out-of-Gage Goods promulgated by the PRC Ministry of Transport, which took effect on September 21, 2016, cargo vehicles running on public roads shall not carry cargo weighing more than the limits prescribed by this regulation and their dimensions shall not exceed those as set forth by the same regulation. The operation of our truck fleet is subject to this regulation. We cannot assure that all

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of our trucks will be compliant with the regulation, and we may be required to modify noncomplying trucks (if any) or purchase new ones to replace them. Otherwise, we may be subject to additional penalties under this regulation if we continue to operate trucks that exceed the limits set forth in the regulation.

Pursuant to the E-commerce Law of the People's Republic of China, which was promulgated by Standing Committee of the National People's Congress and took effect on January 1, 2019, we are subject to certain requirements in e-commerce business, including but not limit to, (i) in providing express logistics services for e-commerce activities, the providers thereof shall abide by laws and administrative regulations, and comply with the service standards and time limits they have promised; (ii) while handing over commodities, express logistics service providers shall remind consignees to examine the commodities immediately on the spot; where the commodities are received by others for consignees, such express logistics service providers shall obtain the consent of consignees; and (iii) express logistics service providers are required to use environmental-friendly packaging materials in accordance with the relevant provisions in an effort to reduce the consumption of and recycle packaging materials. While offering express logistics services, the providers thereof may agree to be entrusted by e-commerce operators to collect payments for goods on a commission basis. The operation of our express delivery service is subject to this law. We cannot assure that we will be compliant with all of the requirements, and we may be required to rectify. In order to adapt to the evolving e-commerce industry, which could have a significant impact on us, we may need to develop or upgrade existing business model. If our efforts to comply with laws and regulations concerning e-commerce business are unsuccessful, our business, financial condition and results of operations may be materially and adversely affected.

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

On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平臺經濟領域的反壟斷指南》) (the "Anti-Monopoly Guidelines"). Among others, the Anti-Monopoly Guidelines intend to regulate abuse of a dominant position and other anti-competitive practices by online platform operators. We believe that the impact of the Anti-Monopoly Guidelines on our business is insignificant based on the following reasons. First, we do not own a dominant position in the integrated supply chain logistics service market. Pursuant to Article 19 of the PRC Anti-Monopoly Law, a market participant that has more than 50% of the market share in a relevant market is presumed to have a dominant position in that market. According to the CIC Report, we, as the integrated supply chain logistics service provider in China, have a market share of 2.7% in 2020, which is well below the 50% threshold under Section 19 of the PRC Anti-Monopoly Law. Second, pursuant to Article 2 of the Anti-Monopoly Guidelines, platform operator means an operator providing business premises, transaction matchmaking, information exchange and other internet platform services for natural persons, legal persons and other market entities. We are not a platform operator stipulated in the Anti-Monopoly Guidelines and thus will not be directly subject to certain rules and regulations thereunder. However, JD Group, as the platform operator, are subject to the rules and regulations set forth in the Anti-Monopoly Guidelines. If JD Group fails to comply these rules and regulations, we may be exposed to certain indirect risks and

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effects considering our relationships with JD Group and our continuing connected transactions with JD Group. For example, any administrative penalties imposed on JD Group may cause a direct or indirect impact on its e-commerce business, and thus may further lead to a decreasing demand in supply chain solutions and logistics services previously provided for JD Group by us.

Notwithstanding the foregoing, given the promulgation of the Anti-Monopoly Guidelines, the PRC authorities may strengthen their supervision over the competition compliance issues, and we may receive greater scrutiny and attention from regulators and more frequent and rigid investigations or reviews by regulators, which will increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these regulations. Any failure or perceived failure by us to comply with the anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against us and could have an adverse effect on our business, financial condition and results of operations.

The accounting treatment we used to present our financial information is different from the approach adopted in some of the previous spin-off Hong Kong initial public offerings.

In preparing and presenting our financial information during the Track Record Period, we adopted a “carve-out” approach in accordance with the “Carve Outs” section in Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKSIR 200”). As disclosed in Note 1.2 to the Accountants’ Report in Appendix I, our financial information has been prepared as if our business had been operated by our Company throughout the Track Record Period. As opposed to the approach adopted in some of the previous spin-off Hong Kong initial public offerings, we did not recognize the financial assets and financial liabilities of the Remaining Listing Business (as defined under “Financial Information—Basis of Presentation”), including trade receivables, trade payables, other financial assets and financial liabilities, in our combined statements of financial position. There are a few reasons for this difference in financial treatment. First, we were not legally entitled to collect or obligated to pay for the transactions in relation to the Remaining Listing Business operated by JD Group; instead, JD Group had such rights and obligations. Second, we did not maintain separate bank accounts in relation to the Remaining Listing Business since the treasury and cash disbursement functions of the Remaining Listing Business were centrally administrated under JD Group and the net cash flows generated by the Remaining Listing Business were kept in the bank accounts of JD Group. Third, we did not enter into any separation agreements with JD Group.

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

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

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property (which we have ownership or legal rights to use) as

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critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete arrangements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological change in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

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

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We have been, and from time to time in the future may be, subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our solutions or services, the solutions or services provided by third-party merchants on our marketplace, or other aspects of our business. There could also be existing patents of which we are not aware that our solutions or services may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China, the United States or any other jurisdictions. Further, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and are uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other

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resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Finally, we use open source software in connection with our solutions and services. Companies that incorporate open source software into their solutions and services have, from time to time, faced claims challenging the ownership of open source software and compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or noncompliance with open source licensing terms. Some open source software licenses may require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, results of operations and financial condition.

If we are unable to recruit, train and retain qualified personnel or if we fail to do so in a cost-efficient manner, our business may be materially and adversely affected.

We intend to hire additional qualified employees to support our business operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly technical and operational personnel with expertise in the integrated supply chain logistics services industry or other areas we expand into. The effective operation of our managerial and operating systems, logistics infrastructure, customer service center and other back office functions also depends on the hard work and quality performance of our management and employees. However, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees that we will need in order to achieve our strategic objectives.

We also intend to expand our delivery personnel base. However, if we are unable to manage delivery capacity effectively, optimize order recommendation and dispatching process, provide incentives to or increase delivery charges for less favorable delivery tasks, or fully utilize the delivery personnel's delivery capacity in a timely manner, we may not be able to attract and retain delivery personnel, resulting in insufficient delivery resources, increased costs, and lower delivery service quality in certain regions of our network. Rapid expansion may also impair our ability to maintain our corporate culture.

We and the third-party transportation companies we engage have been subject to labor disputes initiated by our or the third-party transportation companies' employees from time to time, although none of them, individually or in the aggregate, had a material adverse impact on us. We expect to continue to be subject to various legal or administrative proceedings related to labor dispute in the ordinary course of our business, due to the magnitude of labor force involved in our network. Any large-scale labor unrest directed against us or the third-party transportation companies could directly or indirectly prevent or hinder our normal operating activities, and if not resolved in a timely manner, lead to delays in our logistics performance. We and the third-party transportation companies are not able to predict or control any large-scale labor unrest, especially those involving labor not directly employed by us. Further, large-scale labor unrest may affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, financial condition and results of operations.

Our future success also depends heavily upon the continued services of our senior management and our key employees in various corporate functions, who have contributed significantly to our

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current achievements. If we are unable to attract or retain the management required to achieve our business objectives, our business could be severely disrupted.

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

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

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

We have established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of our risk management system, our risk management system may not be sufficiently effective in identifying, managing and preventing all risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such events, our business, financial

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condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

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

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

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

We have obtained or caused relevant counterparties to obtain insurance to cover certain potential risks and liabilities. We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. Additionally, we provide group accident insurance for all delivery personnel we employed and liability insurance for any third party contracted service provider who provides installation and maintenance services to us. Further, we have purchased compulsory motor vehicle and non-motor vehicle liability insurance, as well as commercial insurance for self-operated vehicles. In addition, we also purchase cargo insurance, warehouse insurance, parcel insurance and some other liability insurance as needed. However, we do not maintain product liability insurance or key-man insurance. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We face risks related to severe weather conditions and other natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt our operations.

Our business could be adversely affected by the effects of epidemics. In recent years, there have been breakouts of epidemics in China and globally. The outbreak of a novel strain of coronavirus, later named COVID-19, has affected China and many parts of the world. The COVID-19 has resulted in quarantines, travel restrictions, home office policies, and temporary closures of many corporate offices, manufacturing facilities and factories across China and around the world. We have also taken a series of measures in response to the initial outbreak, including, among others, remote working arrangements for some of our employees and temporary closure of some of our branch offices, warehouses and service outlets from late January to late February 2020. These measures have temporarily reduced the capacity and efficiency of our operations, which negatively affected our results of operations. The measures and timing for business resumption varied across different localities in the PRC, and our branch offices, warehouses and service outlets closed and opened in accordance with

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measures adopted by their respective local government authorities. We also experienced a temporary labor shortage in January and February 2020. We have taken measures to reduce the impact of the COVID-19 outbreak, including strictly implementing self-quarantine and disinfection measures at our headquarters, warehouses and service outlets in accordance with government-issued protocols. We have also provided our delivery personnel with masks, hand sanitizers and other protective equipment immediately after the outbreak. As of April 2020, we had resumed substantially all of our businesses. See “Financial Information—Impact of COVID-19 On Our Operations” for details. Although the lock down and various social distancing initiatives adopted by the governments during the outbreak of COVID-19 resulted in less business activities in general, these measures have caused a shift in consumption pattern from offline to online. As consumers became accustomed to online shopping in order to minimize exposure to the virus, there was an increase in the demand for our supply chain solutions and logistics services especially in certain industry verticals, such as FMCG. However, any increase in demand for our integrated supply chain solutions and logistics services as a result of the shift in consumption pattern associated with the COVID-19 outbreak may be temporary and may not be sustainable after the COVID-19 outbreak ends. Accordingly, certain impacts of the COVID-19 outbreak on our financial performance in 2020 is one-off and non-recurring. In addition, after the COVID-19 outbreak ends, we may stop receiving benefits from the COVID-19 related government policy support, such as relief of social security.

The general concerns and uncertainties about the pandemic and the economy may negatively affect our business. The global spread of COVID-19 pandemic in a significant number of countries and regions around the world has resulted in, and may intensify, global economic distress, and the duration and extent of the impact of COVID-19 outbreak cannot be reasonably estimated at this time. The extent to which it may affect our results of operations, financial condition and cash flow will depend on the future developments of the outbreak, which are highly uncertain and cannot be predicted. These uncertainties pose operational challenges to our service offerings. Our operations could be disrupted if one of our employees is suspected of having COVID-19, H1N1 flu, avian flu or another epidemic in our offices, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our results of operations could be adversely affected to the extent that the outbreak harms the PRC economy in general.

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

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

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China. Substantially all of our computer hardware and cloud computing services are currently located in China. Access to internet in China is maintained through state-owned telecommunications carriers under administrative control and regulatory supervision, and we obtain

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access to end-user networks operated by such telecommunications carriers to give customers access to our technology platform. We may not have access to alternative networks in the event of disruptions, failures or other problems with the telecommunication and internet infrastructure in China. The failure of telecommunication and internet network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our technology platform. Any of such occurrences could delay or prevent our customers from accessing our online website and mobile applications, and frequent interruptions could frustrate customers and discourage them from using our services, which could cause us to lose customers and harm our results of operations. In addition, we have limited control over the service fees charged by telecommunication and internet operators. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected.

Risks Related to Our Corporate Structure

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

Foreign ownership of certain of our businesses including domestic mail delivery services and value-added telecommunication services is subject to restrictions under current PRC laws and regulations. Pursuant to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition), which is jointly promulgated by the NDRC and the MOFCOM and became effective on July 23, 2020, foreign investors are not allowed to invest any entity that provides domestic express delivery of letter. Additionally, foreign investors are not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider (excluding e-commerce, domestic multi-party communications, data collection and transmission services and call centers) and the main foreign investor in the foreign-invested telecommunication enterprise must have experience in providing value-added telecommunications services overseas and maintain a good track record.

We are a Cayman Islands exempted company and our PRC subsidiaries wholly owned by us are considered wholly foreign owned enterprises. Accordingly, none of these subsidiaries are eligible to operate domestic express delivery of letter and value-added telecommunications business in China. It is also practically and economically not possible to separate the delivery of letter from the delivery of non-letter items in our day-to-day services. As a result, we will conduct such business activities through our consolidated affiliated entities and their subsidiaries in PRC, including Onshore Holdco and Guangdong Jingxi Logistics Technology Co., Ltd.

We have entered into a series of contractual arrangements with the consolidated affiliated entities and their shareholders, which enable us to:

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

Because of these contractual arrangements, we are the primary beneficiary of our consolidated affiliated entities, including Onshore Holdco and Guangdong Jingxi Logistics Technology Co., Ltd.,

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and hence consolidate their financial results as our consolidated affiliated entities. For a detailed discussion of these contractual arrangements, see “History, Reorganization and Corporate Structure.”

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

- revoking the business licenses of such entity;
- discontinuing or restricting the conduct of any transactions between certain of our PRC subsidiaries and consolidated affiliated entities;
- imposing fines, confiscating the income from our consolidated affiliated entities, or imposing other requirements with which we or our consolidated affiliated entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, including terminating the contractual arrangements with our consolidated affiliated entities and deregistering the equity pledges of our consolidated affiliated entities, which in turn would affect our ability to consolidate, derive economic interests from, or exert effective control over our consolidated affiliated entities; or
- restricting or prohibiting our use of the proceeds of any of our financing outside China to finance our business and operations in China.

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

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We rely on contractual arrangements with our consolidated affiliated entities and their shareholders for a portion of our business operations, which may not be as effective as direct ownership in providing operational control.

We have relied and expect to continue to rely on contractual arrangements with consolidated affiliated entities and their shareholders to operate part of our express delivery services. For a description of these contractual arrangements, see “History, Reorganization and Corporate Structure.” These contractual arrangements may not be as effective as direct ownership in providing us with control over our consolidated affiliated entities.

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

Any failure by our consolidated affiliated entities or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

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

All the agreements under our contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. See “—Risks Related to Doing Business in China— Uncertainties with respect to the PRC legal system could adversely affect us.” Meanwhile, there are very few precedents and little

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formal guidance as to how contractual arrangements in the context of a consolidated affiliated entity should be interpreted or enforced under PRC law, and as a result it may be difficult to predict how an arbitration panel would view such contractual arrangements. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Additionally, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay.

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

The shareholders of our consolidated affiliated entities may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

Mr. Richard Qiangdong Liu (劉強東), Ms. Yayun Li (李姪雲), Ms. Pang Zhang (張雱), Mr. Jian Cui (崔建) and Mr. Dingkai Yu (禹定凱) are the shareholders of our consolidated affiliated entities, and Mr. Richard Qiangdong Liu (劉強東), Ms. Yayun Li (李姪雲) and Ms. Pang Zhang (張雱) hold positions with JD Group or its associates. Registered shareholders such as (i) Ms. Yayun Li (李姪雲) does not hold positions in our Group and (ii) Mr. Jian Cui (崔建) and Mr. Dingkai Yu (禹定凱) do not hold senior management positions in our Company. The shareholders of our consolidated affiliated entities may have potential conflicts of interest with us. These shareholders may breach, or cause our consolidated affiliated entities to breach, or refuse to renew, the existing contractual arrangements we have with them and our consolidated affiliated entities, which would have a material and adverse effect on our ability to effectively control our consolidated affiliated entities and receive substantially all the economic benefits from it. For example, the shareholders may be able to cause our agreements with our consolidated affiliated entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor.

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

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a Cayman Islands holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including

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

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

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

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

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

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

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Macro-prudential Management Mode. According to the Circular of the People's Bank of China and the State Administration of Foreign Exchange on Adjusting the Macro-prudent Adjustment Parameter for Cross-border Financing issued on March 11, 2020, the limit for the total amount of foreign debt under the Macro-prudential Management Mode is increased to two and a half times from two times of their respective net assets. Moreover, any medium or long-term loan to be provided by us to our consolidated affiliated entities or other PRC entities must also be registered with the NDRC and SAFE or its local branches.

We may also decide to finance our wholly foreign-owned subsidiaries in China by means of capital contributions. These capital contributions shall go through record-filing procedures from competent administration for market regulation. SAFE issued the Circular on the Management Concerning the Reform of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in the PRC provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. In addition, SAFE promulgated the Circular Regarding Further Promotion of the Facilitation of Cross-Border Trade and Investment on October 23, 2019, or SAFE Circular 28, pursuant to which all foreign-invested enterprises can make equity investments in the PRC with their capital funds in accordance with the law. As SAFE Circular 28 is new and the relevant government authorities have broad discretion in interpreting the regulation, it is unclear whether SAFE will permit such capital funds to be used for equity investments in the PRC in actual practice.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to the subsidiaries of our wholly foreign-owned subsidiaries in China and our consolidated affiliated entities, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our consolidated affiliated entities by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our consolidated affiliated entities.

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

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

Under applicable PRC laws and regulations, transactions among related parties may be subject to audit or challenge by the PRC tax authorities. If the PRC tax authorities deem the transactions

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

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

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

Meanwhile, the Implementation Rules to the PRC Foreign Investment Law came into effect as of January 1, 2020, which clarified and elaborated the relevant provisions of the Foreign Investment Law. However, uncertainties still exist in relation to interpretation and implementation of the FIL, especially in regard to, including, among other things, the nature of consolidated affiliated entity contractual arrangements and specific rules regulating the organization form of foreign-invested enterprises within the five-year transition period. While FIL does not define contractual arrangements as a form of foreign investment explicitly, it has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in the PRC through other means as provided by laws, administrative regulations or the State Council, we cannot assure you that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that our control over our consolidated affiliated entities through contractual arrangements will not be deemed as foreign investment in the future. In the event that any possible implementing regulations of the FIL, any other future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of our operations through contractual arrangements is classified in the "restricted" or "prohibited" industry in the future "negative list" under the FIL, our contractual arrangements may be deemed as invalid and illegal, and we may be required to unwind the contractual arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Furthermore, under the FIL, foreign investors or the foreign investment enterprise should be imposed legal liabilities for failing to report investment information in accordance with the requirements. In addition, the FIL provides that foreign invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within a five-year transition period, which means that we may be required to adjust the structure and corporate governance of certain of our PRC subsidiaries in such transition period. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance, financial condition and business operations.

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Risks Related to Doing Business in China

Changes in China’s or global economic, political or social conditions or government policies could have a material and adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments.

In addition, the global macroeconomic environment is facing challenges. For example, the COVID-19 pandemic has caused significant downward pressure for the global economy. In addition, the impact of the United Kingdom’s withdrawal from the European Union, commonly referred to as “Brexit”, and the resulting effect on the political and economic future of the U.K. and the European Union is uncertain. Brexit could adversely affect European and worldwide economic and market conditions, and could contribute to instability in global financial and foreign exchange markets. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Uncertainties with respect to the PRC legal system could adversely affect us.

We conduct our business primarily through our PRC subsidiaries and consolidated affiliated entities in China. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries and consolidated affiliated entities in China are subject to laws and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The PRC legal system is evolving rapidly, and the interpretation of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

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From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations.

We are subject to PRC laws and regulations that could require us to modify our current business practices and incur increased costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls. Central governmental authorities and provincial and local authorities and agencies regulate many aspects of Chinese industries, including, among others and in addition to specific industry-related regulations, the following aspects: (i) operation of logistics and supply chain services; (ii) traffic and transport-related services; (iii) provision of supply chain solutions, transport services, financial services, retail services and operation of high technology businesses; (iv) environmental laws and regulations; (v) security laws and regulations; (vi) establishment of or changes in shareholder of foreign investment enterprises; (vii) foreign exchange; (viii) taxes, duties and fees; (ix) customs; and (x) land planning and land use rights, including establishment of urban transformation initiatives.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities. Legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

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

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. The requirement of employee benefit plans has not been implemented consistently by the local governments in China

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given the different levels of economic development in different locations. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments may be subject to late payment fees, fines and/or other penalties. As of the date of this prospectus, we have not received any notice of material penalties from the relevant government authorities. Although almost all of our PRC operating entities incorporated in various locations in China have made the required employee benefit payments, we cannot assure you that we are able to make adequate contribution in a timely manner at all time. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

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

Under PRC law, a company setting up premises for business operations outside its residence address must register them as branch offices with the relevant local market regulation bureau at the place where the premises are located and obtain business licenses for them as branch offices. We may not be able to register branch offices in a timely manner due to complex procedural requirements and relocation of branch offices from time to time. As of the Latest Practicable Date, we were able to register branch offices in all of the important locations where we had meaningful presence. If the PRC regulatory authorities determine that we are in violation of the relevant laws and regulations, we may be subject to penalties, including fines, confiscation of income and suspension of operation. If we become subject to these penalties, our business, results of operations, financial condition and prospects could be materially and adversely affected.

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

The conversion of RMB into foreign currencies, including Hong Kong dollars and U.S. dollars, is based on rates set by the People's Bank of China. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollars, the U.S. dollar or other currencies in the future. The value of RMB against the Hong Kong dollars, U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that RMB will not appreciate or depreciate significantly in value against Hong Kong dollars and the U.S. dollar in the future.

We conduct our businesses mainly in RMB, with certain transactions conducted in USD, and to a less extent, other currencies. Our exposure to foreign currency exchange risks arises from such certain transactions conducted in USD and other foreign currencies. As of December 31, 2018, 2019 and 2020, we had RMB18.8 billion, RMB8.4 billion and RMB8.7 billion, respectively, in cash, cash equivalents and term deposits denominated in USD and other foreign currencies. Although during the Track Record Period, exchange gains and losses from those transactions conducted in USD and other foreign currencies were immaterial, we cannot guarantee that we will not experience significant changes in exchange rates in the future, impacting both our statements of operations and the value of our assets and liabilities denominated in foreign currencies. Any significant appreciation or depreciation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our Shares. For example, to the extent that we need to convert Hong Kong dollars and U.S. dollars we receive into RMB to pay our operating

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expenses, appreciation of RMB against the Hong Kong dollars and the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of RMB against the Hong Kong dollars and the U.S. dollar may significantly reduce the Hong Kong dollars or the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of our Shares. Assuming an Offer Price of HK\$41.36 per Share (being the mid-point of the Offer Price Range of between HK\$39.36 and HK\$43.36 per Share), we estimate that we will receive net proceeds of approximately HK\$24,713 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. Assuming that we convert the full amount of the net proceeds from this offering into Renminbi, a 10% appreciation of Hong Kong dollars against Renminbi, from the exchange rate of HK\$1.2012 for RMB1 to a rate of HK\$1.0920 for RMB1, would result in an increase of RMB2,057 million in our net proceeds from this offering. Conversely, a 10% depreciation of Hong Kong dollars against Renminbi from the exchange rate of HK\$1.2012 for RMB1 to a rate of HK\$1.3346 for RMB1 would result in a decrease of RMB2,057 million in our net proceeds from this offering.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

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

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under our current corporate structure, our Company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. Therefore, our wholly foreign-owned subsidiaries in China are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. But approval from or registration with appropriate government authorities or delegated banks is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

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

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

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

It has been long debated whether transactions involving Internet companies with a VIE structure are subject to prior filing of notification requirements since filing of notification of concentration of undertaking made by couples of Internet companies involving a VIE structure were not accepted in the past. Due to such regulatory history in the industry and as a matter of common industry practice in the past, we did not file notification with the anti-monopoly law enforcement authority (i.e. SAMR) for a historical acquisition prior to the implementation. In November 2020, the draft Anti-Monopoly Guidelines for the Internet Platform Economy Sector, for the first time, expressly included concentrations involving a VIE structure within the ambit of SAMR's merger control review if the reporting thresholds are triggered. Furthermore, in December 2020, SAMR has, for the first time, formally penalized three Internet companies with VIE structures for failure to file prior notifications of implementing concentrations. In March 2021, we received an official case-filing notification in connection with a prior acquisition, which required us to provide relevant materials and statements on whether the non-filing constitutes a failure to file prior notification of concentration of undertaking (the "Enquiry"). We have been cooperating with SAMR, providing requested documents and information, and keeping written and oral correspondence with SAMR. As of the date of this prospectus, this case is still in process of the investigation. We may be subject to penalty in connection with the Enquiry, including a fine up to RMB500,000 for the failure to file prior notification, and in extreme case being ordered to terminate the contemplated concentration, to dispose of our equity or asset within a prescribed period, to transfer our business within a prescribed time or to take any other necessary measures to return to the pre-concentration status.

In addition, the security review rules issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense

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and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. These laws and regulations are continually evolving as newly enacted Foreign Investment Law took effect. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by NDRC and MOFCOM and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security” concerns. However, the MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

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

The Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular 75, requires PRC residents to register with the relevant local branch of SAFE before establishing or controlling any company outside of China, referred to as an offshore special purpose company, for the purpose of raising funds from overseas to acquire or exchange the assets of, or acquiring equity interests in, PRC entities held by such PRC residents and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014, which replaced SAFE Circular 75. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” The term “control” under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect

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to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. In February 2015, SAFE issued the Circular of the SAFE on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 has delegated to the qualified banks the authority to register all PRC residents' investment in "special purpose vehicle" pursuant to SAFE Circular 37, except that those PRC residents who have failed to comply with SAFE Circular 37 will remain to fall into the jurisdiction of the local SAFE branch and must make their supplementary registration application with the local SAFE branch.

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

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

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

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

In the past, local governments in China granted certain financial incentives from time to time to our PRC subsidiaries or consolidated affiliated entities as part of their efforts to encourage the development of local businesses. In 2018, 2019 and 2020, we recognized RMB39.5 million, RMB104.5 million and RMB429.4 million of income from government grants in combined statements of profit or loss, respectively, which were non-recurring in nature. In addition, several COVID-19 related government policy support, such as relief of social security and waiver of toll charges, the exact magnitude of which cannot be quantified, have also contributed to the improvement our financial performance in 2020. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives currently enjoyed by our PRC subsidiaries or consolidated affiliated entities. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

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

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

Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. If the PRC tax authorities determine that we should be classified as a PRC resident enterprise for PRC tax purposes, our global income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a PRC resident enterprise directly invests in another PRC resident

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enterprise, the dividends received by the investing PRC resident enterprise from the invested PRC resident enterprise are exempted from income tax, subject to certain conditions. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company with indirect ownership interests in PRC resident enterprises through intermediary holding companies.

Moreover, if the PRC tax authorities determine that our Company is a PRC resident enterprise for PRC enterprise income tax purposes, gains realized on the sale or other disposal of our Shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises, or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. Any such tax may reduce the returns on your investment in our Shares.

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

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

In October 2017, the SAT released the Public Notice Regarding Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Public Notice 37, effective

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

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

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

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Risks Related to the Global Offering

There has been no public market for our Shares prior to the Global Offering, and you may not be able to resell our Shares at or above the price you pay, or at all.

Prior to the completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of the Shares may be volatile which could result in substantial losses to you.

In addition, the trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance, and may result in losses on your investment in our Shares.

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

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

The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such shareholders and the availability of these Shares for future sale may have negative impact on the market price of our Shares. See “History, Reorganization and Corporate Structure—Pre-IPO Investments” for more details of the existing shareholders not subject to lock-up agreements.

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

As the Offer Price of Shares is higher than the net tangible book value per share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the Global Offering may experience further dilution in their shareholding percentage.

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

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

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your investment in our Shares and you may even lose your entire investment in our Shares.

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

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the delivery service market. Such information and statistics have been derived from third-party reports, 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. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this document, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

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

Our Controlling Shareholders have substantial influence over our business and operations, including matters relating to management and policies, decisions in relation to acquisitions, expansion plans, business consolidation, the sale of all or substantially all of our assets, nomination of directors, dividends or other distributions, as well as other significant corporate actions. Immediately following the completion of the Global Offering, our Controlling Shareholders will collectively beneficially own approximately 64.42% of the voting power of our outstanding share capital, assuming that the Over-allotment Option is not exercised and excluding shares to be issued under the Pre-IPO ESOP, Post-IPO Share Option Scheme and Post-IPO Share Award Scheme. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

There will be a time gap of several business days between pricing and trading of our Shares offered in the Global Offering. Holders of our Shares are subject to the risk that trading prices of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time trading begins.