

## RISK FACTORS

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

*These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after that date, and is subject to the cautionary statements in “Forward-looking Statements.”*

### Risks Related to Our Business and Industry

*Our business and growth are highly dependent on the development of the e-commerce industry in the markets where we operate.*

We generate a significant portion of our parcel volume by serving e-commerce platforms and merchants who conduct business on such e-commerce platforms, who rely on our services to fulfill orders placed by consumers on such platforms.

Our business and growth are highly dependent on the viability and prospects of the e-commerce industry in the markets where we operate. The development of the e-commerce industry is affected by a number of factors, most of which are beyond our control. These factors include:

- the consumption power and disposable income of e-commerce consumers, as well as changes in demographics and consumer tastes and preferences;
- the growth of broadband and mobile Internet penetration and usage;
- the selection, price and popularity of products offered on e-commerce platforms;
- the popularity of smartphones and other mobile devices and the cost of Internet access, mobile data, and the trust and confidence level of e-commerce sellers and consumers in countries where we operate, particularly in those developing countries where Internet penetration is relatively low;
- the development of fulfillment, payment and other ancillary services associated with e-commerce;
- changes in laws and regulations, government policies that govern the e-commerce industry and changes in practices by e-commerce players as a result of such changes in laws and regulations;
- the emergence of alternative channels or business models that better suit the needs of consumers; and
- changes of macroeconomic conditions, including inflation and deflation, fluctuation of currency exchange rate, tax rates and other government policies and changes in unemployment rate.

---

## RISK FACTORS

---

In addition, in some regions where we operate, e-commerce is relatively new, and only recently did certain regional e-commerce companies become sizable. Future developments of the e-commerce industry, to a significant extent, would depend on improvements in transportation and logistics infrastructure, developments of electronic payment system, government policies that govern the e-commerce industry including the social e-commerce sector, and other factors that are beyond our control.

*We face risks in managing global operations, entering into and expanding across a number of countries.*

We have made, and expect to continue to make, significant investments to expand our global presence and international operations and compete with local competitors. Conducting our business internationally, particularly in countries in which we have limited experience, subjects us to a number of risks, including:

- operational challenges caused by distance, language, and cultural differences;
- investment of resources required to localize our business, such as the translation of our operating system into foreign languages and the adaptation of our operations to local practices, laws and regulations;
- underdeveloped logistics, delivery and digital payment landscape and lack of infrastructure support;
- compliance with laws and regulations, including laws and regulations governing competition, pricing, payment methods, data protection, privacy, Internet activities, transportation services, logistics services, real estate tenancy, tax and social security, employment and labor, foreign ownership, and other activities important to our business;
- difficulties in applying our business model into new markets, as well as difficulties in identifying, attracting and retaining regional sponsors with entrepreneurial and industry expertise and local knowledge;
- competition with existing players or other services providers in adjacent industries;
- different levels of Internet and e-commerce penetration across regions;
- exposure to business cultures in which improper business practices may be prevalent;
- difficulties in managing, growing, and staffing international operations;
- difficulties in cultivating and maintaining productive relationships with business partners;
- import and export restrictions and changes in trade regulations; and
- geopolitical events, including pandemic, war and terrorism.

In addition, we have introduced our regional sponsor model across different markets, and we expect to expand our global footprint under the same or similar business model. The success of our business is dependent on our ability to identify, attract and retain regional sponsors with entrepreneurial and industry expertise and local knowledge. There is no assurance that we will be able to localize our operations and business model or find capable regional sponsors candidates in these markets.

---

## RISK FACTORS

---

*We have relied, and may continue to rely, on certain prominent e-commerce platforms.*

Collaboration with major e-commerce platforms has been one of our key strategies to reach and expand our customer base. During the Track Record Period, we generated a majority of our parcels from or through e-commerce platforms for each period. Some of the e-commerce platforms have significant influence on how transactions take place, including how purchase orders are fulfilled by indicating the preferred express delivery companies for each order. To maintain and foster our cooperation with these e-commerce platforms, we may have to accommodate their demands and requirements, and provide customized value-added services, which may increase the cost of our operations. We cannot assure you that we are able to maintain our relationships with these e-commerce platforms in the future. We may not be able to successfully extend or renew our current arrangements with these e-commerce platforms on commercially reasonable terms, or at all, upon expiration or early termination of the current arrangements. If we are unable to retain our status as a preferred service provider for e-commerce platforms and the merchants on these e-commerce platforms, our business volume may decrease significantly, which could adversely affect our business and results of operations.

In Southeast Asia, due to market practice, e-commerce platforms typically have significant influence over the shipping method, for items sold on their platforms, and they enter into agreements with express delivery service providers like us to procure express delivery services. Therefore, e-commerce platforms are treated as our direct customers, and we generated a significant portion of our revenue from a number of major e-commerce platforms during the Track Record Period. In 2020, 2021, 2022 and the six months ended June 30, 2023, revenue generated from our largest customer, a major e-commerce platform, amounted to US\$543.0 million, US\$1,715.4 million, US\$1,231.3 million and US\$446.2 million, respectively, representing 35.4%, 35.4%, 16.9% and 11.1% of our revenue, respectively. Revenue contribution from this customer, as a percentage of our total revenue, has been declining as we expanded our operations and diversified our customer base, and is expected to continue to decline in the future. Therefore, we do not have any material reliance on any single e-commerce platform and a single e-commerce platform will not have any material and adverse impact on our results of operations and financial performance. However, if any major e-commerce platform customers, including our largest customer during the Track Record Period, terminates its business relationship with us or significantly reduces the demand for our services, or if any of them subject to investigations and proceedings by governmental authorities for alleged infringements of laws and regulations or experience any difficulty in their operations, we may not be able to find replacement customers in the near term and our results of operations could be materially and adversely affected. In China, express delivery services providers need to be connected to such platforms’ systems before they can start providing services to merchants and consumers on such platforms. Major e-commerce platforms typically maintain a list of approved express delivery service providers, and merchants on these platforms can choose from these service providers. Even though e-commerce platforms in China are not our customers, we need to maintain our status as an approved service provider across platforms to compete with our peers, and we need to acquire merchants who sell goods on such e-commerce platforms. We cannot assure you that we are able to maintain as an approved service provider on these e-commerce platforms. We may not be able to successfully renew our current arrangements with e-commerce platforms or extend such arrangements to other e-commerce platforms on commercially reasonable terms, or at all.

---

## RISK FACTORS

---

*We face risks associated with our regional sponsors, unconsolidated regional operating entities, network partners, and their employees and personnel.*

Regional sponsors play an important role by working with our country headquarters to execute our strategies in various markets, and assume the role of managing regional daily operations. Regional sponsors manage our network partners through the relevant regional operating entities. Our network partners and their employees carry out a significant amount of direct interactions with our end customers, and their performance directly affects our brand image. As of June 30, 2023, we had a portfolio of 104 regional sponsors and approximately 8,700 network partners.

We do not fully supervise the daily operations of certain regional operating entities, as the commercial arrangements between us and our regional sponsors vary across regions. During the ramp-up period after we enter into new markets, certain regional operating entities, which we refer to as our “unconsolidated regional operating entities,” are wholly owned and operated by the relevant regional sponsors. We enter into cooperation agreements to allow these unconsolidated regional operating entities to operate under our brand in their respective jurisdictions. However, we do not control these unconsolidated regional operating entities and do not directly supervise their day-to-day operations. We may not be able to manage these regional operating entities and their employees and personnel as effectively as if we had full ownership of them. Furthermore, our regional sponsors or unconsolidated regional operating entities may fail to implement sufficient control over the performance of their employees and personnel, such as proper collection and handling of parcels by pickup and delivery personnel.

We do not directly supervise the day-to-day operations of our network partners. Contractual agreements between our network partners and us provide for performance incentives along with periodic evaluations. We may not be able to manage the network partners, their pickup and delivery outlets and service stations and their employees and personnel as effectively as if we had full ownership of them or operated their business directly. Although we have established and distributed service standards across our network and provide training to the employees and personnel of our network partners from time to time, we may not be able to successfully monitor, maintain and improve them. Their failure to provide satisfactory services may adversely impact our reputation and brand image. Furthermore, our network partners may fail to implement sufficient control over the performance of pickup and delivery personnel, such as proper collection and handling of parcels and delivery service fees, adherence to customer privacy standards and timely delivery of parcels. We and our network partners may suffer financial losses, incur liabilities and suffer reputational damages in the event of theft or late delivery of parcels, embezzlement of delivery service fees or mishandling of customer privacy.

Suspension or termination of the services of our network partners in a particular geographic area may cause interruption to or suspension of our services in the corresponding geographic area. Our network partners may suspend or terminate their services voluntarily or involuntarily due to various reasons, including disagreement or dispute with us, failure to make a profit, failure to maintain requisite approvals, licenses or permits or to comply with other governmental regulations, and events beyond our or their control, such as inclement weather, natural disasters, transportation interruptions or labor unrest or shortage. Due to the intense competition in the express delivery industry, our existing network partners may also choose to discontinue their cooperation with us and work with our competitors instead. We may not be able to promptly replace our network partners or find alternative ways to provide services in a timely, reliable and cost-effective manner, or at all. As a result of any service disruptions associated with our regional operating entities and network partners, our customer satisfaction, reputation, operations and financial performance may be materially and adversely affected.

---

## RISK FACTORS

---

We cannot assure you that disputes will not arise between us and our regional sponsors, unconsolidated regional operating entities or network partners, or that our regional sponsors, unconsolidated regional operating entities and network partners will not breach their obligations to us. Their failure to provide satisfactory services may adversely impact our reputation and brand image.

***The possible impairment losses for intangible assets may adversely affect our financial condition and results of operations.***

We recorded intangible assets of US\$6.0 million, US\$1,129.2 million, US\$963.6 million and US\$982.0 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively, which mainly represented goodwill, customer relationship and others including software and trademarks and licenses. Goodwill and intangible assets that have an indefinite useful life are not amortized, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. Adverse change in the future may result in decreases in the value of our intangible assets and goodwill, which in turn would result in an impairment loss. In addition, we make certain assumptions when assessing the value of our intangible assets, including assumptions on their useful lives. There are inherent uncertainties relating to these assumptions. We cannot assure you that our assumptions will prove to be correct. Any such change in our assumptions may require us to re-evaluate our intangible assets, which may in turn result in impairment losses. Significant impairment losses on intangible assets may have a material adverse effect on our financial condition and results of operations and may limit our ability to obtain financing in the future.

***We may be exposed to impairment loss risks associated with our trade receivables, prepayments, other receivables and other assets.***

Our prepayments, other receivables and other assets primarily consist of deposits, prepaid taxes, receivables from our issuance of convertible preferred shares consideration, loans to related parties, loans to third parties, prepaid expenses and others. Our prepayments, other receivables and other assets were US\$745.4 million, US\$882.2 million, US\$703.0 million and US\$801.8 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. Our trade receivables primarily represent the amounts due from customers for goods sold or services performed. Our trade receivables were US\$180.8 million, US\$334.9 million, US\$514.0 million and US\$622.6 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. We made provisions for impairment for trade receivables of US\$6.3 million, US\$44.6 million, US\$47.2 million and US\$44.1 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively. Such impairment in 2021 and 2022 mainly consisted of impairment on trade receivables in relation to certain terminated network partners and impairment losses that were consolidated into our balance sheets primarily in connection with the acquisition of BEST Express China. Going forward, we cannot assure you that we will be able collect all of our receivables due to a variety of factors, some of which are out of our control. For example, if our relationship with our customers deteriorates or terminates, or if any of them experiences any difficulty in their operations or a decrease in their business or financial performance for any reasons, our customers may delay or default in their payment. If the relevant parties fail to provide relevant products or services in relation to our prepayments, or fail to perform their payment obligations to us in a timely manner or at all in relation to our trade receivables, we may be exposed to prepayment default risk and impairment loss risk in relation to the prepayments and trade receivables, which may in turn materially and adversely affect our business and financial position.



---

## RISK FACTORS

---

*We have a history of gross losses and net losses and negative cash flows from operating activities, which may continue in the future. Our limited operating history and evolving business model also make it difficult to evaluate our business, financial performance and prospects.*

We recorded a gross loss of US\$261.5 million, US\$544.7 million and US\$270.2 million in 2020, 2021 and 2022, respectively. We achieved a gross profit of US\$193.5 million for the six months ended June 30, 2023. We incurred a net loss of US\$664.2 million, US\$6.2 billion and US\$666.8 million in 2020, 2021 and the six months ended June 30, 2023, respectively, and a net profit of US\$1.6 billion in 2022. We incurred net profit in 2022 mainly due to the fair value gain of financial liabilities at fair value through profit or loss. In addition, our net cash used in operating activities was US\$154.7 million, US\$967.2 million and US\$519.8 million in 2020, 2021 and 2022, respectively, and our net cash generated from operating activities was US\$2.8 million in the six months ended June 30, 2023. Our revenue is driven by parcel volume and revenue per parcel. These components are affected by the various factors driving the growth of e-commerce industry in countries where we operate, our ability to scale up our network to meet increases in demand and the ability of us and our network partners to provide high-quality services to end customers. We expect our costs and expenses to increase in absolute amounts due to (i) the continued expansion of our network, (ii) the continued investments in innovation and technology, (iii) our expansion into new markets and countries, and (iv) expansion of our service offerings. Our ability to achieve and maintain profitability depends on our ability to enhance our market position, maintain competitive pricing, replicate our successful business model, and increase our operational efficiency. These are affected by many factors which may be beyond our control. As a result of the foregoing and other factors, we cannot assure you that we will not continue to incur gross losses and cash outflow from operating activities in the future.

We commenced our operation in 2015 and thus have a limited operating history, which makes it difficult to evaluate our future prospects and performance. We have experienced significant growth and expansion since our inception and over the Track Record Period. Our total parcel volume grew by 224.2% from 3.2 billion in 2020 to 10.5 billion in 2021, and further by 38.5% to 14.6 billion in 2022, and grew by 16.9% from 6.8 billion in the six months ended June 30, 2022 to 8.0 billion in the six months ended June 30, 2023. Due to our limited operating history, our past revenues and historical growth rate may not be indicative of our future performance. In 2021, we acquired the SEA entities and also BEST Express China. In May 2023, we further entered into a share transfer agreement with Fengwang Holdings to acquire Fengwang Information. See “History and Corporate Structure – Major Acquisitions, Disposals and Mergers – Acquisition of Fengwang Information.” As a fast-growing company with a relatively limited operating history, particularly in the current consolidated form, our financial statements may not be indicative of our future performance and financial results.

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 an early-stage company expanding globally. Our continued growth will depend on many factors and endeavours that will require substantial management efforts and are beyond our control. Our organizational structure is complex and will continue to grow as we involve additional network partners, line-haul vehicles, employees, products and offerings, and technologies, and as we continue to expand globally. All of these endeavours involve risks and difficulties. We may not be able to successfully address risks and difficulties, which could significantly harm our business, results of operations and financial condition.

---

## RISK FACTORS

---

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

The express delivery industry in most countries where we operate is fragmented. In these countries, we compete primarily with express delivery service provided by national postal agencies as well as leading domestic express delivery companies in each of the countries where we operate. We compete with them based on a number of factors, including business model, operational capabilities, service quality and cost control. In particular, we have historically experienced declines in the express delivery service market prices and may face downward pricing pressure again. If we cannot effectively control costs to remain competitive, our market share and revenue may decline. Additionally, if we have to subsidize our network partners to increase our competitiveness, our results of operations and financial conditions may be adversely affected.

Certain of our current and potential competitors may have broader services or network coverage, stronger brand recognition, greater capital resources and longer operational histories than we do. In addition, our competitors may reduce their prices to gain business, especially during times of slowed market demand growth, and such reductions may limit our ability to maintain or increase our prices and operating margins or achieve growth of our business. Our competitors may also establish collaborative relationships or strategic alliances to improve their ability to address the needs of customers. We may not be able to successfully compete against current or future competitors, and such competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

In addition, major e-commerce platforms may choose to build or further develop their respective in-house delivery capabilities to serve their logistics needs and compete with us, which may significantly affect our market share and total parcel volume. As we diversify our service offering and further expand our customer base, we may face competition from existing or new players in new business that we choose to expand. In particular, we and network partners may face competition from existing or new first-mile pick up and last-mile delivery service providers which may expand their service offerings to include express delivery or adopt a business model disruptive to our business and compete with our regional operating entities and network partners for delivery personnel. Similarly, existing players in an adjacent or sub-markets may choose to leverage their existing infrastructure and expand their services to serve our customers. If these players succeed in doing so, our market share may suffer and our business and financial performance may be significantly and adversely affected.

***Our pricing strategy may not meet our clients' price expectations or result in profitability.***

We operate in a highly competitive industry. We compete with other express delivery companies based on a number of factors, including network, business model and competitive pricing. Our competitors' pricing and marketing strategies are beyond our control and can significantly impact the results of our pricing strategies. We have historically experienced declines in the delivery service market prices in certain jurisdictions where we operate, and may continue to face downward pricing pressures. We may also need to proactively adjust our pricing strategies to maintain the growth of our market share in the markets where we operate. Our competitors may adopt more aggressive pricing strategies and reduce their prices to gain business and market share, especially during times of slowed market demand growth, and such reductions may limit our ability to maintain or increase our prices and operating margins or achieve growth of our business. If we and our network partners cannot effectively control our costs to remain competitive, our market share, revenue and profitability may decline. If we continue to implement our pricing strategies, our profitability in certain regions may not be sustainable and may deteriorate or we may continue to incur net losses.

---

## RISK FACTORS

---

While we provide guidance on the pricing strategies, we do not control the pricing strategies of our network partners, which could affect our parcel volume and our ability to effectively compete with other express delivery service providers in certain areas.

Our pricing strategy and policy may not be effective in maintaining our financial performance and any unfavorable changes of market conditions may have a material adverse effect on our operations, financial condition and profitability. See “Business – Our Services – Service Pricing” for details of our pricing policy. As a result of the foregoing and other factors, we cannot assure you that we will successfully maintain the growth and profitability of our business in the future.

***Any service disruption experienced by our sorting centers or the pickup and delivery outlets may adversely affect our operations.***

Our daily operations heavily rely on the orderly performance of our sorting centers and the pickup and delivery outlets managed by our regional operating entities and network partners. Our sorting centers or the pickup and delivery outlets may experience service disruptions due to failure in their automated facilities, under-capacity during peak parcel volume periods, force majeure events, third-party sabotage, dispute between us, and network partners or any third party, employee delinquency or strike, governmental inspection of properties or governmental orders that mandate any service halt or temporary or permanent shutdown that would adversely impact our operations. The outbreak of a pandemic, such as the COVID-19, may also cause disruption to our business. If we are required by governmental authorities to implement emergency measures and temporarily close our facilities or service stations, our and our network partners’ operating costs may increase as a result. In the event of any service disruption, sorting, pickup and delivery of parcels at the relevant sorting centers or pickup and delivery outlets may be delayed, suspended or stopped. Parcels will need to be redirected to other nearby sorting centers or pickup and delivery outlets, and such rerouting of parcels will likely increase risks of delay and mishandling during delivery. At the same time, increased operational pressure on nearby sorting centers or pickup and delivery outlets may negatively impact their performance and adverse effects across our network. Any of the foregoing events may result in significant operational interruptions and slowdowns, customer complaints and reputational damage.

***Our technology system is critical to our operations and growth prospects.***

The satisfactory performance, reliability and availability of our technology system are critical to our ability to provide high-quality services. We rely on our centralized IT systems to efficiently manage and operate our network. The maintenance and processing of various operating and financial data are essential to the day-to-day operation of our business and formulation of our development strategies. Any system interruptions caused by telecommunications failures, errors encountered during system upgrades or system expansions, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our technology systems, degraded order fulfillment performance, or additional shipping and handling costs may, individually or collectively, materially and adversely affect our business, reputation, financial condition and results of operations.

As our business grows, we expect to continue to invest in and implement upgrades to our information technology systems and infrastructure. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. In addition, the upgrade and improvement of our information technology systems and infrastructure may require us to commit substantial financial, operational and technical resources, with no assurance that our business will increase. If we fail to respond to technological change or to adequately maintain and upgrade our systems and infrastructure in response to changing business needs in a timely, effective and cost-efficient fashion, our business could be adversely affected.



---

## RISK FACTORS

---

***Our long-term growth and competitiveness are highly dependent on our ability to control costs.***

Our results of operations are affected by our ability to control costs including labor, transportation and lease costs, which may be subject to factors, including, among other things, fluctuations in wage rates, fuel prices, toll fees, and leasing costs. Effective cost-control measures have a direct impact on our financial condition and results of operations. Our fleets use large quantities of fuel to operate vehicles and pay toll fees along their routes. The availability and price of fuel and third-party transportation capacity are subject to political, economic, and market factors that are beyond our control. We also incur a significant amount of costs in relation to transportation and labor. Any unexpected increase in these costs, which is subject to factors beyond our control, could adversely impact our profitability. We have adopted, and expect to adopt, additional cost control measures. However, the measures we have adopted or will adopt in the future may not be as effective as expected. If we are not able to effectively control our costs and adjust the level of network transit fees based on operating costs and market conditions, our profitability and cash flow may be adversely affected.

***Fluctuations in exchange rates could adversely affect our financial condition, results of operations and cash flows.***

We operate in multiple jurisdictions, which exposes us to the effects of fluctuations in currency exchange rates. Our subsidiaries and consolidated affiliated entities operate in functional currencies other than the U.S. dollar, including Renminbi, Indonesian Rupiah, Vietnamese Dong, Malaysian Ringgit, Philippine Pesos, Thai Baht, Singapore Dollars, Brazilian Real or Mexican Peso among other currencies. For each Group entity, items included in its financial statements are generally measured with the currency of the country where such Group entity operates. Our financial information as expressed in U.S. dollars may be significantly affected by fluctuations in foreign exchange rates, and the figures may be substantially higher or lower than would be the case if exchange rates were to be stable. Therefore, our results of operations as expressed in U.S. dollars may be significantly affected by fluctuations in foreign exchange rates. There is no assurance that movements in foreign currency exchange rates will not have a material adverse effect on our results of operations in future periods. We may enter into derivatives transactions and incur relevant costs from time to time to manage our exposure to exchange rate risk. Such derivatives transactions, while intended to be non-speculative, are designed to protect us against increases or decreases in exchange rates, but not both. See “Financial Information – Foreign Currency Fluctuations.”

***We rely on third-party service providers in relation to certain aspects of our operations.***

We depend on certain third-party service providers for transportation, supplies of equipment and other services. The supplier base providing logistics equipment is relatively concentrated, which has resulted in a limited number of suppliers for certain types of equipment and supplies, while the market for third-party transportation services is fragmented, which have different standards of operations and internal control procedures. There is no assurance that (i) these service providers would operate in accordance with our instructions, policies and business guidelines, or that their service quality will not materially deteriorate, (ii) we can maintain good relationships with our third-party service providers, (iii) they will not unilaterally increase their service prices, or (iv) there will not be any wrongdoing or misconduct by their employees or by them which would materially and adversely affect their services. There is no assurance that we can find reliable service providers who can meet our standards at scale as we continue to expand globally. Decreased availability or increased costs of logistics, transportation and supply chain service and equipment provided by third parties could impact our cost of operations and our profitability.

## RISK FACTORS

---

In addition, we also engage third-party human resources agencies to provide labor forces to supplement our capacity at different network facilities. The outsourcing activities and agreements are subject to local laws and regulations. Even if we may have contractual protection against claims from outsourced personnel, in the event that the outsourcing firms violate any relevant labor laws and regulations or their employment agreements with the outsourced personnel, such personnel may file a claim against us as they provide their services at our network facilities. As a result, we may incur legal liability, and our reputation, brand image as well as our business, financial condition and results of operations could be materially and adversely affected.

***We face challenges in diversifying our service offerings and expanding our customer base.***

We intend to further diversify our service offerings and expand our customer base to add to our revenue sources in the future. 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 address customer demands and preferences, and our existing network and facilities may not be adaptable to the new services or customers. In addition, we may not be able to assure adequate service quality and 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. 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 and results of operations may be materially and adversely affected if we are unable to provide high-quality service.***

The success of our business largely depends on our ability to maintain and further enhance our service quality. Together with our regional operating entities and network partners, we provide complete door-to-door express delivery services to our end customers. If we, our regional operating entities or our network partners are unable to provide express delivery services in a timely, reliable, safe and secure manner, our reputation and customer loyalty could be negatively affected. If our customer service personnel fail to satisfy customer needs or respond effectively to customer complaints, we may lose potential or existing end customers and experience a decrease in customer orders, which could have a material adverse effect on our business, financial condition and results of operations. See also “– We face risks associated with our network partners and their employees and personnel.”

***It is difficult to forecast customer demand accurately, and as a result we may be unable to make planning and spending decisions to match customer demand.***

We make planning and spending decisions, including capacity expansion, procurement commitments, personnel needs and other resource requirements based on our estimates of customer demand. The parcel volume we generate from end customers can vary significantly and unexpectedly, reducing our ability to accurately estimate future 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 may adversely affect our financial condition and results of operations.

---

## RISK FACTORS

---

***Our results of operations are subject to fluctuations due to seasonality and other events beyond our control.***

Our results of operations are affected by seasonal patterns and other events peculiar to the jurisdictions where we operate. Our results of operations may vary and may not be comparable from months to months. Our parcel volume was typically lower in the first quarter of each year as a result of regional holidays, including the Lunar New Year, during which demand for is typically lower. In Southeast Asia, our parcel volume is also impacted by holidays such as Ramadan, as well as regional promotion periods such as the September 9 and October 10 sales promotion periods, during which we typically experience an increase in parcel volume and temporary shortage of labor. In addition, timing of certain major holidays such as Ramadan, as well as the associated promotional events from e-commerce platforms, may vary from year to year and is uncertain. In China, we typically experience higher parcel volume in the fourth quarter of the year due to various holidays and promotional events offered by e-commerce platforms, for example, the November 11 and December 12 sales promotion periods, see “– We have relied, and may continue to rely, on certain prominent e-commerce platforms.” Our financial condition and results of operations for future periods may continue to fluctuate. As a result, our results of operations and the trading price of our Shares may fluctuate from time to time due to seasonality, and comparisons of revenue and results of operations between different periods within a single financial year, or between different periods in different financial years, cannot be relied on as indicators of our performance.

***Failure to renew our current leases or locate desirable premises for our facilities could materially and adversely affect our business.***

We lease properties for our facilities including offices and sorting centers. Some of our regional operating entities and network partners lease properties for offices, pickup and delivery outlets and service stations that they directly operate. We and our network partners may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate the affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. As our network scales up, we may need additional space for our sorting centers to meet our expansion demands. We compete with other businesses for premises at certain locations or of desirable sizes, and it can be difficult to find suitable premises to meet our standards. Even if we are able to extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

- unanticipated issues in integrating logistics, information, communications and other systems;
- unanticipated changes in applicable laws and regulations affecting the acquired business;
- operating risks inherent in the acquired business;
- diversion of the attention and resources of management;
- consumers’ failure to accept product offerings by us or our licensees;
- assumption of liabilities not identified in due diligence; and
- other unanticipated issues, expenses and liabilities.

---

## RISK FACTORS

---

In addition, there is no guarantee that once such process has been completed we will operate in a manner that is more efficient, organized, effective and competitive as a whole.

We may, however, fail to realize these anticipated synergies or they may be less significant than expected, which could adversely affect our business, financial condition or results of operations.

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

Our business is labor-intensive and requires a substantial number of personnel. Any failure to retain stable and dedicated labor by us, our regional operating entities and network partners may lead to disruption to or delay in our services provided to end customers. We usually need to hire additional or temporary workers to handle the significant increase in parcel volume following special promotional events or during peak seasons of e-commerce. We may be subject to temporary labor shortage during major holiday seasons. We have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in salary, social benefits and employee headcount and changes in regulatory environment. We and our network partners compete with other companies in our industry and other labor-intensive industries for labor, and we may not be able to offer competitive salaries and benefits compared to them. In addition, some of our employees in the Philippines are unionized. Labor unions in the Philippines that have been certified as sole and exclusive bargaining agents may request management of companies to enter into collective bargaining agreements, negotiate employment terms on behalf of relevant employees and demand higher salaries and benefits, which could increase our labor costs.

We and our network partners have been subject to labor disputes initiated by our or their employees and personnel 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 labor unrest directed against us, our regional operating entities or our network partners could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, lead to delays in fulfilling our customer orders and decreases in our revenue. We, our regional operating entities and our network partners are not able to predict or control any labor unrest, especially those involving labor not directly employed by us. Further, 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 business is dependent on the transportation, telecommunication and Internet infrastructure in countries and regions where we operate.***

Our business depends on the performance and reliability of the transportation, telecommunication and Internet infrastructure in countries and regions where we operate.

Our network covers regions that have historically been underserved by logistics service providers and often present unique operational challenges, such as underdeveloped infrastructure or island archipelagos. The expansion of our network in these regions is, to a significant extent, dependent on the availability and proper operations of transportation infrastructure. We face operational challenges including, among others, unanticipated closure of airport, rail limitations due to unavailability of railcars and adverse weather condition, and delay in barge shipments caused by high or low seawater levels.

---

## RISK FACTORS

---

Our business depends on the performance, reliability and security of the telecommunications and Internet infrastructure in regions where we operate. We may not have access to alternative networks in the event of disruptions, failures or other problems with the telecommunication and Internet infrastructure. 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 platforms. Any of such occurrences could delay or prevent our platform users from accessing our online platforms 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.

***We are exposed to fair value changes of financial liabilities at fair value through profit or loss.***

Since our inception, we have completed several rounds of financing by issuing different classes of convertible preferred shares. We accounted the preferred shares as financial liabilities at fair value through profit or loss. The convertible preferred shares are typically recognized at fair value, and subsequent to the initial recognition, the preferred shares are carried at fair value, with changes in fair value recognized in the consolidated income statements. As these instruments are not traded in active markets, their fair values have been determined by using applicable valuation techniques, which involve a significant degree of management judgment and are inherently uncertain. As of December 31, 2020, 2021 and 2022 and June 30, 2023, we recorded financial liabilities at fair value through profit or loss of US\$1,812.9 million, US\$10,487.3 million, US\$7,765.1 million and US\$8,261 million, respectively. The determination of the fair value changes requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. The fair value change of financial liabilities at fair value through profit or loss was nil in 2020. We recorded a fair value loss of financial liabilities at fair value through profit or loss of US\$4,383.5 million in 2021 and a fair value gain of financial liabilities at fair value through profit or loss of US\$3,086.7 million in 2022. We also recorded a fair value gain of financial liabilities at fair value through profit or loss of US\$1,027.5 million for the six months ended June 30, 2023. We cannot assure you that we can recognize comparable fair value gains in the future and we may on the contrary recognize fair value losses, which would affect our results of operations. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such assets and liabilities. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

***We had net liabilities position and net operating cash outflows in the past and may not be able to achieve or maintain net assets and net current assets position in the future.***

We had net liabilities of US\$870.5 million, US\$6,636.4 million, US\$4,984.2 million and US\$5,529.6 million as of December 31, 2020, 2021 and 2022 and June 30, 2023, respectively, primarily due to the significant amounts of convertible preferred shares and accounts payable recorded as liabilities. Our convertible preferred shares will be re-classified and re-designated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the [REDACTED], after which we do not expect to recognize any further gain or loss on fair value changes from convertible redeemable preferred shares and will return to a net assets position from a net liabilities position. However, there can be no assurance that we will not record net liabilities in the future.



---

## RISK FACTORS

---

We had net operating cash outflows of US\$154.7 million, US\$967.2 million and US\$519.8 million for the years ended December 31, 2020, 2021 and 2022, respectively, and net cash generated from operating activities of US\$2.8 million for the six months ended June 30, 2023. If we fail to generate sufficient cash flow from our operations, or if we fail to maintain sufficient cash and financing, our liquidity position may be adversely affected. If we do not have sufficient cash flows to fund our business, operations and capital expenditure, our business and financial position will be materially and adversely affected.

***Our business and the business of our network partners are subject to a broad range of laws and regulations.***

Our business is subject to governmental supervision and regulation by the relevant governmental authorities. These governmental authorities promulgate and enforce regulations that cover many aspects of our day-to-day operations such as providing trainings to employees and preparing various technical and safety plans, and we may fail to fully comply with these regulations at all times. We are subject to various restrictions in markets in which we operate, which may limit our ability to replicate our success under the regional sponsor model. See “– Any lack of requisite approvals, licenses, permits or filings applicable to the business operation of ours or our network partners may have a material and adverse impact on our business, financial condition and results of operations.” and “Regulatory Overview” in Appendix III to this document.

The PRC Postal Law indicates that express delivery companies cannot engage in “posting and mail delivery business exclusively operated by postal enterprises”, which are not clearly defined under the PRC law. If the parcels delivered by us fall into the aforementioned category, we may be considered in violation of the PRC Postal Law. Noncompliance with new applicable laws, regulations and policies, or amendments to existing laws, regulations and policies, may subject us to administrative proceedings, fines or other penalties, and materially and adversely impact our business, reputation, financial condition and results of operations. In addition, in the PRC, each of the vehicles used for road freight transportation must have a Road Transportation Certificate and the drivers of these vehicles must have corresponding qualification certificates unless these vehicles are ordinary freight vehicles with a total mass of 4.5 tons or less. Although we have established an internal control system to help ensure our compliance with relevant laws and regulations, to renew our permits and obtain qualification certificates as required, we cannot ensure that we can fully comply with any new requirement all the time considering the periodic renewal requirements, the employee mobility, and the expansion of our business. If we fail to comply with these regulations, the competent government authorities may order us to rectify such violations, impose fines on us, revoke our permits, or suspend our business.

In addition, our value-added services, such as our COD services, are subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers, which could change or be reinterpreted in the future to make it difficult or costly, for us to comply with. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and become unable to accept credit and debit card payments from our customers, process electronic funds transfers or facilitate other types of online payments, and our business, financial condition and results of operations could be materially and adversely affected.

Our network partners have broad discretion over their daily operations and make localized decisions with respect to their facilities, vehicles and hiring and pricing strategies. Their operations are regulated by various laws and regulations, including local administrative rulings, orders and policies that are pertinent to their localized express delivery business. Local

---

## RISK FACTORS

---

regulations may specify the models or types of vehicles to be used in parcel pickup and delivery services or require our network partners to implement heightened parcel safety screening procedures, which could materially drive up the operating costs and delivery efficiency of the pickup and delivery outlets.

New laws and regulations may be enforced from time to time. Adjustments and changes exist regarding the interpretation and implementation of current and any future laws and regulations applicable to our businesses. For example, in Vietnam, the Law on Competition 2018 allowed relevant authority to prohibit anti-competition agreements. However, the applicable authority, the Viet Nam Competition Commission, has just been formed since April 1, 2023, and the corresponding regulations have not been formed as of the date of this document. Therefore, there are still significant uncertainties with respect to the type of contractual provisions that may be prohibited under the Law on Competition 2018. We cannot assure you that provisions in our existing agreements – including our cooperation agreements with network partners – will not be deemed as “anti-competition agreements” as prohibited under the Law on Competition 2018. See also “Regulatory Overview – Laws and Regulations in Relation to Our Business in Vietnam” in Appendix III to this document. If relevant authorities promulgate new laws and regulations that require additional approvals or licenses or imposes additional restrictions on our business and operations, they may have the authority, among other things, to levy fines, confiscate income, revoke business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by governments in the jurisdictions where we operate may have a material and adverse effect on our results of operations. If our regional operating entities or network partners are found to be in violation of any applicable laws or regulations then in effect, such regional operating entities or network partners may be subject to similar penalties or administrative orders and may not be able to continue to deliver satisfactory services or at all. As a result, we may suffer reputational damages due to negative publicity or compromised service quality.

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

We are required to hold a number of licenses and permits in connection with our operation. For example, in China, a company that provides express delivery services needs to obtain a Courier Service Operation Permit (快遞業務經營許可證) and make filings with relevant postal authorities to expand its regions of operation under such permit. Failure to make such filings may result in a correction order or fines. Companies are also subject to certain capacity requirements, such as the adequacy of delivery personnel, under the Courier Service Operation Permit. If any of our Group entities or network partners in the PRC is found to have failed to meet these requirements, such entity may be subject to a fine up to RMB30,000, its Courier Service Operation Permits may be revoked, and it cannot re-apply to obtain the permit for a period of three years. A company with the Courier Service Operation Permit is also required to maintain its express delivery operations during the validity of such permit. If the permit holder fails to initiate its operation within six months after obtaining the permit, or if the permit holder suspends its operations for more than six months without authorization, relevant authority may cancel the Courier Service Operation Permit. We are currently not aware of any such cancellation or notice of cancellation.

In Thailand, we cooperate with our network partners to provide express delivery services. Under Thai laws, a provider of transport management service is subject to the transport management license regime. The Department of Land Transport explicitly stated in its ruling, confirming its position that a transport management license is not required in the absence of any ministerial regulations. As of the date of the [REDACTED], the Department of Land

---

## RISK FACTORS

---

Transport has not published any ministerial regulations on the criteria and procedures for obtaining a land transport management license yet. However, we cannot assure you that we will not be deemed a provider of transport management service and be required to obtain a transport management license if and when the ministerial regulations are published. Failure to obtain such license in time, or at all, may materially and adversely affect our business, financial condition and results of operations. The interpretation and application of laws and regulations, including the Land Transport Act and the Vehicle Act B.E. 2522 (1979), remain are still uncertain and evolving.

We may be required to make filings with respect to our cooperation with network partners in jurisdictions where we operate. As we frequently add new network partners to expand our network or terminate under-performed network partners, the pool of network partners is constantly changing, and we cannot assure that such filing are always completed or update to date. For example, in China, 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 a contract and the franchisee follows the uniform business model to conduct business operation and pay franchising fees according to the contract. We and our network partners in China are subject to regulations on commercial franchising, and we are therefore required to file the cooperation arrangements with network partners with the Ministry of Commerce or its local counterparts. Otherwise, we may be required to file our commercial franchising agreements with the Ministry of Commerce or its local counterparts within a specified time limit and be subject to fines, and if we fail to make the filing within certain prescribed period, the relevant authority may issue a public announcement. In Malaysia, an enterprise is required to complete a registration process to allow third parties to use its name and logos as a franchise. We are required to complete such registration with respect to our cooperation with network partners in Malaysia. We have submitted the registration application and expect to complete the procedure in due course.

Our network partners also need to obtain necessary licenses and permits to operate express delivery and transportation business in jurisdictions such as Thailand, the Philippines, Indonesia, Vietnam and the PRC. We can provide no assurance that all of our network partners have obtained all of the licenses and permits necessary for their business. For example, certain of our network partners carry out their express delivery services while they are still in the process of obtaining Courier Service Operation Permits in the PRC, and we may be subject to fines or order of rectification as a result. Failure to obtain such licenses and permits may result in suspension of operation, and in some jurisdictions, fines or other penalties by government authorities. Any of these actions by relevant governments may have a material and adverse effect on our results of operations. See also “Regulatory Overview” in Appendix III to this document. Our consolidated regional operating entities are also subject to similar license and permit requirements under applicable laws. As of June 30, 2023, we only had one unconsolidated regional operating entity.

We are also subject to a number of requirements with respect to updating our licenses and certificates, implementing of rules and controls, as well as provisions of trainings applicable to express delivery service as well as road freight transportation. We cannot guarantee that we are in full compliance with all such requirements at all time. During the Track Record Period, information contained in certain licenses, certificates and permits that we obtained has not been updated in a timely manner, such as the basic corporate information or details of directorship. We are still in the process of fulfilling such requirements, and failure to complete the registration update in a timely manner may cause administrative fines and penalties.

---

## RISK FACTORS

---

Although our Group, including our consolidated regional operating entities, and, to the best of our knowledge, our unconsolidated regional operating entity, have obtained all material permits or licenses required for conducting our business in all jurisdictions where we operate, we cannot assure you that we will be able to renew or maintain all necessary permits for our existing operations or obtain licenses we need for new service offerings or expansion into new markets. As we grow and expand, we continue to apply for new licenses and certificates, as well as renew our existing ones. Some of our filings or application with respect to applying or renewing some of the licenses are still under review. There is no guarantee that we will be able to obtain such license. If any government of any other jurisdictions in which we operate (i) considers that we historically operated, or are operating without proper or adequate approvals, licenses or permits, (ii) promulgates new laws and regulations that require additional approvals or licenses or impose additional restrictions on the operation of any part of our business, or (iii) considers that we have not duly renewed these licenses in a timely manner, it has the power, among other things, to levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. In particular, legal systems vary in different jurisdictions in which we operate. The interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant governmental authorities are still in development. As a result, there may be significant changes regarding the interpretation and implementation of current and any future laws and regulations applicable to our businesses. Any of these actions by relevant governments may have a material and adverse effect on our results of operations.

***We are subject to risks inherent in the logistics industry, including personal injury, product damage, and transportation-related incidents.***

We handle a large volume of parcels across our network, and face challenges with respect to the protection and examination of these parcels. Parcels in our network may be stolen, damaged or lost for various reasons, and we, our regional operating entities and/or our network partners may be perceived or found liable for such incidents. We may fail to screen parcels and detect unsafe or prohibited/restricted items. Hazardous items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other parcels in our network, injure recipients and harm our personnel and assets as well as those of our regional operating entities and/or network partners. Furthermore, if we fail to prevent prohibited or restricted items from entering into our network and if we participate in the transport and delivery of such items, 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. We are subject to risks associated with transportation safety, and the insurance maintained by us may not be sufficient to fully cover the damages caused by transportation-related injuries or loss. From time to time, our vehicles and personnel may be involved in transportation 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 frictions or disputes 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, our regional operating entities, whether consolidated or unconsolidated, and our network partners 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. Governmental authorities may also impose significant fines on us or require

---

## RISK FACTORS

---

us to adopt costly preventive measures. Furthermore, if our services are perceived as insecure or unsafe by our end customers, e-commerce platforms and consumers, our parcel volume may be reduced, and our business, financial condition and results of operations may be materially and adversely affected.

The assessment of impairment losses involves a significant degree of management judgment as well as estimates in determining the key assumptions. Therefore, there is uncertainty on the prediction of the movement of impairment of prepayments, other receivables and other assets and trade receivables.

***Damages to brand image and corporate reputation could materially and adversely impact our business.***

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. These factors include our ability to provide services to our customers, successfully conduct marketing and promotional activities, manage relationship with and among our regional sponsors and network partners, address complaints and events of negative publicity, maintain positive perception of us, our peers and the express delivery 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.

Negative publicity about us, including our services, management, business model and practices, compliance with applicable rules, regulations and policies or our network partners may materially and adversely harm our brand and reputation and have a material adverse effect on our business. There is no assurance that we will be able to mitigate the impact of such negative publicity within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted on the Internet by anyone on a named or anonymous basis, and can be quickly and widely disseminated. Information posted may be inaccurate, misleading and adverse to us, and it may harm our reputation, business or prospects. 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 negative and potentially inaccurate or misleading information about our business and operations. Negative publicity against us or our peers could cause damages to our corporate reputation and changes to the government policies and regulatory environment. 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.

***We may not be able to maintain our corporate culture, which has been a key to our success.***

Since our inception, our corporate culture has been defined by our values, and we believe that our culture has been critical to our success. In particular, our corporate culture has helped us serve our customers, and attract, retain and motivate employees, regional sponsors and network partners. We face a number of challenges that may affect our ability to maintain our corporate culture, including:

- failure to identify and promote people to leadership positions in our organization who share our culture and values;



---

## RISK FACTORS

---

- the increasing number and geographic diversity of our regional sponsors and network partners;
- competitive pressures to move in directions that may divert us from our values;
- the continued challenges of an ever-changing business environment;
- the potential pressure from the public markets to focus on short-term results instead of long-term value creation; and
- the increasing need to develop expertise in new areas of business that affect us.

If we are not able to maintain our corporate culture or if our culture fails to deliver the long-term results we expect to achieve, our business and prospects may 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 COVID-19 pandemic, which could significantly disrupt our operations.***

Severe weather conditions and other natural or man-made disasters, including storms, floods, fires, earthquakes, typhoons, epidemics, pandemics, conflicts, unrest, or terrorist attacks, may disrupt our business and result in decreased revenues. Customers may reduce their demand for logistics services or shipments, or our costs to operate our business may increase, either of which could have a material adverse effect on us. Any such incidents could materially and adversely affect our ability to source services and supplies from our suppliers or to distribute packages throughout our markets.

The COVID-19 pandemic has resulted in significant disruptions in the global economy. We temporarily closed our branch offices, sorting centers and pickup and delivery outlets in the first quarter of 2020. Since the second quarter of 2020, the markets where we have our core operations continue to be subject to the impact of COVID-19 pandemic. The timelines for business resumption varied across different localities and countries. Our branch offices, sorting centers and pickup and delivery outlets closed and opened in accordance with measures adopted by their respective local government authorities.

Due to the surges in the number of cases of COVID-19 in December 2022 and January 2023 in China, we experienced temporary labor shortage, which has caused delays in our express delivery service. We did not experience any major parcel delivery delay during the Track Record Period and up to the Latest Practicable Date. However, our operations, results of operations and financial condition could be further adversely affected if a wide spread of COVID-19 pandemic happens again in the locations where we have operations.

***We have made, and may need to continue to make, substantial capital expenditures, and we will face risks that are inherent to such investment.***

To carry out our strategies and expansion plan, we have incurred, and may continue to incur, capital expenditures on acquisition of land use rights, construction of facilities and investment in delivery infrastructure in connection with the consolidation and organic growth of our business. We paid an aggregate of US\$257.7 million, US\$513.7 million, US\$573.2 million, and US\$249.5 million in 2020, 2021, 2022 and the six months ended June 30, 2023, respectively, for purchase of property, plant and equipment. To facilitate our future expansion, we may need to continue to make substantial capital expenditures.

---

## RISK FACTORS

---

Significant capital expenditures are associated with certain inherent risks. We may not have the resources to fund such investment. Even if we have sufficient funding, assets that best suit our needs may not be available at reasonable prices or at all. We may also incur capital expenditures earlier than all of the anticipated benefits, and the return on these investments may be lower, or may be realized more slowly, than we expected. The carrying value of the related assets may be subject to impairment, which may adversely affect our financial condition and operating results.

***We may not be able to obtain additional capital when desired, on favorable terms or at all.***

We may require additional cash capital resources in order to fund future growth and the development of our businesses, including investments in equipment, land, facilities and technological systems to remain competitive. If our cash resources 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, governmental regulations over foreign investment and the e-commerce 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 will be available in a timely manner or in amounts or on terms acceptable 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, issuance of equity or equity-linked securities could result in significant dilution to our existing shareholders.

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

We may pursue selected strategic alliances and potential strategic acquisitions that are complementary to our business and operations, including opportunities that can help us further expand our service offerings and enhance our research and development and technology innovations.

Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. We may have limited ability to control or monitor the actions of our strategic partners. To the extent a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party. To expand, consolidate and optimize our delivery capacity in key geographic areas, we conducted certain acquisitions during the Track Record Period and in 2023. See “History and Corporate Structure.” If our investments do not subsequently generate the anticipated financial performance, we may need to revalue or write down the value of goodwill and other intangible assets in connection with such acquisitions, which would harm our results of operations.

In addition, we may fail to achieve the anticipated synergies and other benefits from acquisitions, which may adversely impact our business and results of operations.

---

## RISK FACTORS

---

From time to time, we make acquisitions as we expand. For example, we completed the acquisitions of the SEA entities and BEST Express China in December 2021. See “History and Corporate Structure – Major Acquisitions, Disposals and Mergers.” In addition, we also completed the acquisition of Fengwang Information in June 2023. We could assume unknown or contingent liabilities and be exposed to claims and disputes by third parties. There could be unknown or undisclosed risks or liabilities in relation to such acquisition, and there is no assurance that we will be fully or sufficiently indemnified. Our future success, including the anticipated benefits and cost savings, depends, in part, on our ability to integrate the acquired business and optimize our operations. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things failure to implement our business plan for the combined business, delays or difficulties in completing the integration of acquired companies or assets, and higher than expected costs, lower than expected cost savings or a need to allocate resources to manage unexpected operating difficulties.

***Our business depends on the continuing efforts of our management and our ability to attract, train and retain qualified personnel.***

Our business depends on the continuing efforts of our management. In particular, Mr. Li, our executive Director, Chief Executive Officer, chairman of the Board and our Controlling Shareholder, has been crucial to the development of our culture and strategic direction. If one or more of our management members were unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner, or at all. Members of our senior management team or other key personnel may also resign and join a competitor or form a competing company. Regional sponsors who help execute our regional strategy may also terminate their relationships with us voluntarily or involuntarily. The loss of qualified executives, regional sponsors and employees, or an inability to attract, retain, and motivate high-quality executives and employees required for the planned expansion of our business, may harm our operating results and impair our ability to grow.

We intend to hire and retain additional qualified employees to support our operations and planned expansion. Our future success depends, to a significant extent, on our ability to attract, train, retain and motivate qualified personnel, particularly management, operational personnel and regional sponsors with expertise in the express delivery industry, the e-commerce industry or markets that we plan to expand into. Our experienced mid-level managers are instrumental in executing our business plans, implementing our business strategies and supporting our operations and growth, and we cannot assure you that we will be able to attract or retain these qualified personnel.

***We have granted, and may continue to grant, share incentives, which may result in increased share-based compensation expenses, dilution of our shareholders’ shareholding interest and negatively impact our results of operations.***

We adopted certain share incentive schemes for the purpose of granting share based compensation awards to employees, directors, consultants, regional sponsors and network partners to incentivize their performance and align their interests with ours. In 2020, 2021, 2022 and the six months ended June 30, 2023, we recorded share-based compensation expenses related to employee benefits of US\$161.1 million, US\$367.3 million, US\$244.1 million and US\$10.3 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel, parties and employees, and we will continue to grant share-based compensation awards in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. Any newly granted RSUs, options, or any other share-based compensations that we may grant from time to time may result in an increase in our issued share capital when vested, which in turn may result in a dilution of our shareholders’ shareholding interests in our Company and a reduction in earnings per share.

## RISK FACTORS

---

***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, domain names, trade secrets, proprietary technologies and other intellectual property as critical to our business. We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. It may be difficult to register, maintain and enforce intellectual property rights in some of the markets where we operate. The interpretation and implementation of relevant laws and regulations and the enforcement practices by relevant governmental authorities are still in development. Confidentiality agreements and license 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 all markets where we operate. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent the 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. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in 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 accused of infringing the intellectual property rights of others.***

From time to time, third parties may claim that we have infringed their intellectual property rights. Although we take steps to avoid knowingly violating the intellectual property rights of others, third parties may nonetheless claim infringement. Existing or future infringement claims against us, regardless of their validity, may be expensive to defend and may divert the attention of our management away from business operations. If a claim of infringement brought against us is successful, we may be required to pay substantial penalties or other damages and fines, enter into license agreements which may not be available on commercially reasonable terms or at all or be subject to injunctions or court orders.

***We have limited insurance coverage which could expose us to significant costs and business disruption.***

We maintain various insurance policies to safeguard against risks and unexpected events, such as insurance over the equipment in our sorting centers as well as accident insurance. We have purchased compulsory motor vehicle liability insurance and commercial insurance such as automobile third-party liability insurance, vehicle loss insurance and driver/passenger liability insurance. We also provide social security insurance under applicable laws, including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees. We do not maintain business interruption insurance nor do we maintain product liability insurance or key-man insurance. Sometimes, relevant insurance policies may not be available even if we are willing to procure additional insurance. We cannot assure you 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. Furthermore, our claim records may affect the premiums which insurance companies may charge us in the future. We may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable, in particular in case of significant increases in premium levels upon the renewal of our insurance policies.

---

## RISK FACTORS

---

***We are subject to anti-corruption, anti-bribery, governmental economic sanctions and other laws and regulations, and third party payment channels we cooperate with are subject to anti-money laundering laws.***

We are subject to anti-corruption, anti-bribery, economic and trade sanctions laws and other relevant laws and regulations in various jurisdictions. For example, U.S. economic sanctions prohibit the provision of products and services to countries, governments, and persons targeted by U.S. sanctions. United Kingdom financial sanctions and European Union sanctions also have similar regime to prohibit the provision of products and services to countries, governments and persons on their respective target list. Although we perform compliance processes and maintain internal control systems, we may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws and regulations if our processes or systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material and adverse effect on our reputation, business, financial condition, results of operations and prospects. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws and regulations, which may result in adverse media coverage, investigations, severe administrative, civil and possibly criminal sanctions, penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition, results of operations and prospects.

In addition, we currently cooperate with third party payment channels to process payments for us. These third party payment channels are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations, which require them to comply with certain anti-money laundering requirements, including the establishment of a customer identification procedure, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance to the public security department and judicial authority in investigations and proceedings in relation to anti-money laundering matters. If a third-party payment channel fails to perform its anti-money laundering obligations, it may be subject to fines or other proceedings in accordance with the relevant regulations. If any of our third-party payment channel fails to comply with applicable anti-money laundering laws and regulations, our reputation could suffer and we could become subject to regulatory intervention, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

***Our business and reputation may be harmed by unethical or anticompetitive business conduct within or in connection with our network.***

There has been and may continue to be unethical or anticompetitive conduct, misconduct or unlawful behavior by our network partners and, in some cases, our employees within, or in connection with, our network, such as with respect to the procurement of resources and the pricing of delivery service charges. Such conduct may include placing fabricated orders, mishandling of funds, accepting unlawful kick-backs during our raw material or equipment procurement. For example, we acquired J&T Express China, formerly known as Shanghai Longbang Express Delivery Co., Ltd. (上海龍邦速遞有限公司) (“**Shanghai Longbang**”) in 2020. We are aware that, prior to the acquisition in 2019, certain e-commerce merchants placed fabricated orders, such as parcels with valueless content, to themselves or to their designated parties with the intent to generate inflated sales records and consumer reviews and create perceived popularity among online consumers. We did not record revenue from fabricated orders identified by us and there was no overstatement of our revenue due to these fabricated orders. These fabricated orders do not directly impact our revenues as our regional operating



---

## RISK FACTORS

---

entities and network partners are generally able to collect service charges from these merchants. We have implemented a series of internal control measures to identify and prevent placement of fabricated orders. For example, we request network partners and regional operating entities to inquire the shippers on content and check the package by weight to ensure it is not a fabricated order upon pickup and encourage network partners and regional operating entities to report any fabricated orders. We also impose penalties on the behavior of placing fabricated orders. Our Directors are of the view that these measures are adequate and effective, and the fabricated orders and unethical or anticompetitive conduct do not have a material and adverse effect on our business, financial condition and results of operations. Other than the Longbang incident stated above, we were not aware of any material fabricated order issue and were not subject to any administrative penalty, government inquiries or correspondence from relevant authorities of similar nature with respect to fabricated orders during the Track Record Period. It is difficult for us, our regional operating entities and our network partners to distinguish these orders from genuine orders through the ordinary parcel screening procedures. However, we do not have control over the behavior of all parties, including e-commerce merchants who may be attempted to engage in such actions, and we cannot assure you that our policies and efforts will be successful in fully eliminating such actions. We may be subject to heightened compliance costs or loss of business due to reduced e-commerce business volume if any government cracks down on these unethical practices. We also have little control over third parties involved in unethical or anticompetitive business conduct targeted at or in connection with our network, such as non-compliance with laws, third-party sabotage or allegations intended to harm us, our regional operating entities, or our network partners. We may incur substantial monetary losses and our reputation may suffer as a result of such conduct. We may also incur significant liabilities and penalties arising from such unethical conduct and may be required to allocate significant resources and incur material expenses to prevent such unethical or anticompetitive conduct in the future.

***We, our directors, senior management and our regional sponsors, regional operating entities and network partners may be subject to claims, lawsuits and other legal proceedings that may adversely affect our reputation, business and results of operations.***

We may be, and in some instances have been, subject to claims, lawsuits including class actions and individual lawsuits, government investigations, and other proceedings relating to intellectual property, consumer protection, privacy, labor and employment, import and export practices, competition, securities, tax, marketing and communications practices, commercial disputes, and other matters. The number and significance of our legal disputes and inquiries have increased as we have grown larger, as our business has expanded in scope and geographic reach, and as our services have increased in complexity. For example, in December 2021 and January 2022, two independent third parties claimed that they were entitled to certain equity interest in one of our controlled affiliated entities in the PRC. We have obtained final and binding judgments denying their requests for transferring equity interest in June 2023, and we have fully paid monetary damages in the judgments. The claims did not have a material and adverse effect on our business, financial condition and results of operations. As of the Latest Practicable Date, our Group, including our consolidated regional operating entities, and, to the best of our knowledge, our unconsolidated regional operating entity, were not subject to any material claims, arbitrations and other legal proceedings. However, we cannot assure you we will not be subject to claims of similar or greater significance in the future, or if we will be able to successfully defend ourselves in those actions. In addition, there may be changes regarding the scope and application of many laws and regulations that we are subject to, which increases the risk of claims alleging violations of those laws and regulations.

---

## RISK FACTORS

---

Regardless of outcome, legal proceedings may have a material and adverse impact on us due to their costs, diversion of our resources, and other factors. We may decide to settle legal disputes on terms that are unfavorable to us. Furthermore, if any litigation to which we are a party is resolved adversely, we may be subject to an unfavorable judgment that we may not choose to appeal or that may not be reversed upon appeal. In addition, the terms of any settlement or judgment in connection with any legal claims, lawsuits, or proceedings may require us to cease some or all of our operations, or pay substantial amounts to the other party and could materially and adversely affect our business, financial condition and results of operations.

***Our use of certain leased properties could be challenged by third parties or governmental authorities, which may cause interruptions to our operations.***

In general, we conduct customary due diligence on relevant real estate properties before entering into the lease agreements in accordance with local market practice. Nevertheless, we cannot assure you that our reviews, surveys or inspections would have revealed all defects or deficiencies affecting our leased properties, including the titles thereof. Neither can we assure you that the lessors have taken all necessary actions to perfect their titles, ensure mandatory fire-control and explosion insurance, file fire-control registration or satisfy relevant requirements under applicable laws and regulations. If (i) our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant governmental authorities, or (ii) our lessors have granted certain security or encumbrances over the properties and they are in default, causing the lease property to be executable by the authorities, our leases could be invalidated. In the event that our use of properties is successfully challenged or that our leases are found invalid, we may be subject to fines and forced to relocate from the affected properties. 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. Also, in the event that the actual use of our leased properties is inconsistent with the designated use specified by relevant authorities 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 impose fines on the lessor if such properties are leased without their consent or require the lessors to hand in such income, as applicable. Therefore, the relevant lease agreements may be deemed to be in breach of the law and therefore be void. Certain lessors of our leased properties in Malaysia have not provided us with certain certificates under applicable laws or leased the properties to us in contravention of permitted category of land use for such properties. Further, we have not obtained certain business premises licences from the relevant local councils and authorities in accordance with the Local Government Act 1976 and the relevant by-laws and regulations for certain material premises we rent in Malaysia. Pursuant to Malaysian laws, a Certificate of Completion and Compliance or Certificate of Fitness for Occupation should be obtained before a building can be occupied. Certain lessors of the leased properties that we deem important to our operation in Malaysia have not provided us with these certificates under applicable laws. Lack of such certificate may subject us to a fine of up to RM1.25 million (approximately US\$27,000). For certain leased properties that we plan to move out from soon, including a leased property in Malaysia, we do not have all necessary registration, filings, proof of underlying title or the most up-to-date premise-specific business certificate. As of the Latest Practicable Date, no penalty or enforcement action had been imposed on the properties we occupy or us by Malaysian authorities in relation to the outstanding certificates for certain properties or the outstanding business premises licences. In addition, some of our leasehold interests in leased properties have not been registered with the relevant PRC governmental

---

## RISK FACTORS

---

authorities as required by relevant PRC laws. As of the Latest Practicable Date, some of the lessors of our leased properties had not provided us with their property ownership certificates or other documentation proving their right to lease those properties to us. Some of our leased properties in certain jurisdictions in which we operate do not have title certificates or approvals and the owner or lessor of such property may not have the right to lease such property to us. As of the Latest Practicable Date, we identified 152 leased properties in aggregate with certain defects and the maximum penalties that may be imposed amount to approximately US\$438,200. We do not believe that the defective leased properties will, individually or in the aggregate, have a material adverse effect on our business operations.

To our knowledge, for the pickup and delivery outlets operated by our network partners, some of the lessors of the leased pickup and delivery outlets have not provided our network partners with their property ownership certificates or other documentation proving their right to lease those properties. If our network partners were to find replacement premises for their outlets due to any lease deficiencies, the daily operations of such outlets may be negatively affected.

***A severe or prolonged economic downturn in any countries or regions where we operate or globally could materially and adversely affect our business and our financial condition.***

The success of our business depends, to a significant extent, on the development of e-commerce industry and the level of consumer demand and discretionary spending in the markets where we operate. Even before the outbreak of COVID-19 pandemic, the global macroeconomic environment was facing numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies which had been adopted by the central banks and financial authorities of some of the world’s leading economies. Additionally, constant changes in global trade practices and foreign policies, such as trade protectionism and ongoing trade disputes, including tariff actions by major countries such as the United States, may further affect the global economy and markets, including markets where we operate. We do not believe that changes in global trade practices and foreign policies will have any material adverse impact on our operations and financial performance because we primarily generate our revenue from domestic express delivery services, which are not materially sensitive to such changes. For our cross-border operations, which contributed to a rather insignificant portion of our revenue during the Track Record Period, we cover a vast number of different routes and geographic regions, and therefore changes in the trade practices and foreign policies in one or two particular country are not expected to have a material impact on our operations. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could restrict e-commerce merchants’ and our clients’ abilities to source products and sell products to other markets and thus negatively impact our results of operations. Moreover, regional political and trade tensions could reduce levels of investments, trades and other economic activities, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. Economic conditions in markets where we operate are sensitive to global economic conditions, as well as changes in economic and political policies and the expected or perceived overall economic growth rate in markets where we operate. Any severe or prolonged slowdown in the economy may materially and adversely affect our business, results of operations and financial condition.

---

## RISK FACTORS

---

*We collect, process and use data, some of which contains personal information. Any privacy or data security breach could damage our reputation and brand and substantially harm our business and results of operations.*

We have access to a large amount of confidential information in our day-to-day operations. Each waybill contains the names, addresses, phone numbers and other contact information of the sender and recipient of a parcel. The content of the parcel may also constitute or reveal confidential information. The proper use and protection of confidential information are essential to maintaining customer trust and confidence in us.

Our technology system also processes and stores a significant amount of confidential information and data for the proper functioning of our network. Security breaches and hackings to our system might result in a compromise to the technology that we use to protect confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining the confidential information. Such individuals or entities may further engage in various other illegal activities using such information. On the other hand, as each parcel moves through our network from pickup to delivery, a large number of personnel handle the parcel and have access to the relevant confidential information. Some of them may misappropriate the confidential information, although we have adopted security policies and measures. Most of the delivery and pickup personnel are not our employees, which makes it more difficult for us to implement sufficient and effective control over them.

Practices regarding the collection, use, storage, transmission and security of personal information have recently come under increased public scrutiny. Relevant regulatory frameworks worldwide are rapidly evolving and are likely to remain uncertain for the foreseeable future. Government bodies and agencies in Indonesia, Thailand, the Philippines, the PRC and Vietnam have in the past years adopted, and may in the future adopt, new laws and regulations on data protection and data privacy, all of which may subject us to additional compliance costs, divert management attention and adversely impact our results of operations. For example, in Thailand, on May 27, 2019, the Personal Data Protection Act B.E. 2562 (2019) (the “**PDPA**”) was published on the national gazette. After publication, there is a transition period of one year following publication in the national gazette for key provisions under the PDPA to become enforceable, enabling enterprises to prepare to be in compliance with the PDPA. The transition period was extended until May 31, 2022, and the PDPA has become effective on June 1, 2022. In Vietnam, with the recent passage of Decree No.53/2022/ND-CP (taking effect from October 1, 2022), the Vietnamese Government requires that personal data belonging to internet users in Vietnam, certain data generated by internet users in Vietnam and data on such users’ relationships (such as friends and groups with whom such users interact), of regulated entities be stored in Vietnam. The increased focus, scrutiny and enforcement, including more frequent inspections, could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. In Indonesia, the Indonesian Government promulgated Law of the Republic of Indonesia No. 27 of 2022 on the Protection of Personal Data (“**PDP Law**”), which came into force on October 17, 2022. The controller, processor and other parties related to the processing of Personal Data must comply to the provisions of the PDP Law at the latest within 2 years of the promulgation of the PDP Law, i.e. no later by October 17, 2024. The PDP Law also provided that additional provisions on certain technical matters will be regulated in the implementing regulations (government regulation) of the PDP Law, which would cover among others: (i) filing on the objection of automatic personal data processing; (ii) violation on personal data processing as well as its compensation procedures; (iii) rights of a personal data subject to use and circulate personal data; (iv) implementation of personal data processing; (v) notification procedures on the storing, transfer, deletion, or destruction of personal data; (vi) personal data protection officer;

---

## RISK FACTORS

---

(vii) transfer of personal data; and (viii) administrative sanctions. However, until the Latest Practicable Date, the Indonesian Government has not issued any further government regulations to serve as the implementing regulations to the PDP Law. If we fail to comply with any of these laws, regulations, standards, or other obligations, or such public representations, or are alleged to have done so, we may be subject to investigations, enforcement actions, civil litigation, fines, and other penalties, all of which may generate negative publicity and have a negative impact on our business.

Furthermore, as the interpretation and application of many laws and regulations relating to privacy, data protection, and data security, along with industry standards, are subject to changes, it is possible that these laws and regulations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our products, and we could face fines, lawsuits, regulatory investigations, and other claims and penalties, and we could be required to fundamentally change our products or our business practices, which could have an adverse effect on our business. Any inability to adequately address privacy, data protection, and data security concerns, even if unfounded, or any actual or perceived failure to comply with applicable privacy, data protection, and data security laws, regulations, and other obligations, could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business. Privacy, data protection, and data security concerns, whether valid or not valid, may inhibit market adoption of our products. If we are not able to adjust to changing laws, regulations, and standards related to these matters, our business may be harmed.

***Complying with evolving laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may be expensive and may force us to make adverse changes to our business. Many of these laws and regulations are subject to changes, and any failure or perceived failure to comply with these laws and regulations could result in negative publicity, legal proceedings, suspension or disruption of operations, increased cost of operations, or otherwise harm our business.***

Laws and regulations governing cybersecurity, information security, privacy and data protection, the use of the Internet as a commercial medium, the use of data in artificial intelligence and machine learning, and data sovereignty requirements are rapidly evolving, extensive and complex. When providing express delivery services, we have access to various operational and other data of shippers, buyers on e-commerce platforms, employees and others. If we are deemed to be a critical information infrastructure operator, we would be required to follow applicable cybersecurity review and/or extra mandatory protective procedures. During such procedures, we may be required to suspend providing any existing or new services to customers and/or experience other disruptions of our operations, and such review could also result in negative publicity with respect to us and diversion of our managerial and financial resources.

On June 10, 2021, the Standing Committee of the National People’s Congress of China promulgated the PRC Data Security Law, which became effective in September 2021. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, provides for a national security review procedure for those data activities which may affect national security and imposes export regulations on certain data and information.



---

## RISK FACTORS

---

On November 14, 2021, the CAC commenced to publicly solicit comments on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)) (“**Draft Data Security Regulations**”). The Draft Data Security Regulations differentiates “listing in Hong Kong” from “listing in a foreign country,” the latter of which was mentioned in the Review Measures (as defined below). According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affect or may affect national security; (ii) data processors that handle personal information of more than one million people contemplating to list its securities on a foreign stock exchange; (iii) data processors contemplating to list its securities on a stock exchange in Hong Kong, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. According to the PRC National Security Law (中華人民共和國國家安全法), national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other vital interests of the state are relatively not in danger and not threatened internally or externally and the ability to maintain a sustained security status. However, the criteria for determining “affect(s) or may affect national security” as stipulated in the Draft Data Security Regulations, are still subject to further clarification by the CAC.

On December 28, 2021, the CAC, the NDRC, the MIIT, and several other administrations jointly promulgated the Cybersecurity Review Measures (網絡安全審查辦法), or the Review Measures, which became effective on February 15, 2022. According to the Review Measures, (i) if a critical information infrastructure operator purchases network products and services or an online platform operator conducts data processing, either of which affects or may affect national security, a cybersecurity review shall be carried out according to the Review Measures; (ii) an issuer who is a Internet platform operator holding personal information of more than one million shall file for a cybersecurity review with respect to its proposed listing on a foreign stock exchange; and (iii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security. These and other similar legal and regulatory developments could affect how we design our IT systems, how we operate our business, how our business partners and shippers process and share data, how we process and use data, and how we transfer personal data from one jurisdiction to another, which could impact demand for our solutions. We may incur relative costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

On July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures (數據出境安全評估辦法) (the “**Security Assessment Measures**”), which took effect on September 1, 2022. The Security Assessment Measures require that any data processor that processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information outbound. The security assessment requirement also applies to any transfer of important data outside of China. For details, see “Regulatory Overview – Regulations Relating to Data Security” in Appendix III to this document. Although J&T International engages in the cross-border logistics business, J&T International only processes certain business, non-personal information such as the names, addresses and contact information of the business entities. Based on a consultation meeting with the State Post Bureau of the PRC, such information shall be excluded from the category of personal information. In addition, J&T International has conducted a self-assessment, based on which J&T International concluded

---

## RISK FACTORS

---

that no cross-border transfer of personal information takes place in its business operations with reference to its consultation with the State Post Bureau of the PRC. Upon a review of the self-assessment report, the Cyberspace Administration of Guangdong Province, as the responsible authority to accept filings for data cross-border transfer security assessment, has no objection to such conclusion. As advised by the PRC Legal Adviser, pursuant to Article 10 of the Critical Information Infrastructure Security Protection Regulations, the authority in-charge of the security protection of critical information infrastructure should promptly notify the relevant entities which are identified as a critical information infrastructure operator. As of the Latest Practicable Date, we have not received any official notification from relevant authorities that any of our PRC entities are considered as a critical information infrastructure operator. In addition, as further advised by the PRC Legal Adviser, the regulatory authority of a specific sector and the local government authority shall determine the types of “important data” according to the Data Security Law and, as of the Latest Practicable Date, none of the effective “important data” categories is applicable to our business. Therefore, as we do not process any important data under the relevant PRC laws and regulations, we do not fall into any of the circumstances listed in the Security Assessment Measures. On February 24, 2023, the CAC published the finalized Measures on Standard Contract for the Outbound Cross-Border Transfer of Personal Information (《个人信息出境标准合同办法》) (the “**Standard Contract Measures**”), which became effective on June 1, 2023, with a built-in six-month grace period (i.e., up to December 1, 2023). Under the Standard Contract Measures, handlers of personal information (“PI”) that do not meet the threshold requirements under the Security Assessment Measures and have not obtained a PI protection certification from a qualified certification institution designated by the CAC, but that nevertheless engage in the transfer of PI out of China based on contractual arrangements must (1) execute standard form contracts that strictly comply with the “Standard Contract” published by the CAC with the overseas recipients of the PI that the PI handlers transfer out of China; (2) complete PI protection impact assessments; and (3) file the relevant standard contracts and PI protection impact assessments to their provincial CAC branch within 10 business days of the taking effect of each standard contract. We have been conducting internal assessments in accordance with the Standard Contract Measures to identify whether a standard contract is required for any potential outbound cross-border transfer of PI. We would cause the relevant PRC entities to comply with the Standard Contract Measures by taking proper measures including executing standard contracts with the overseas recipients of PI upon the expiry of the six-month grace period when necessary. However, since the Security Assessment Measures and the Standard Contract Measures were newly promulgated, there may be changes from time to time as to their interpretations and applications. In the event if the regulatory authorities deem certain of our activities as a cross-border data transfer, we will be subject to the relevant requirements. Complying with new laws and regulations may substantially increase our costs or require us to change our business practices. Despite our continuous efforts to comply with all applicable data protection laws and regulations and the absence of any material data breach or similar incidents, any failure or perceived failure to comply with applicable laws, regulations or policy may result in inquiries, proceedings or actions against us, as well as negative publicity, each of which could damage our reputation, influence our corporate image, and have a material adverse impact on our business and results of operations.

---

## RISK FACTORS

---

### Risks Related to Our Corporate Structure

*In certain jurisdictions, we are subject to restrictions on foreign ownership.*

The laws and regulations in many markets place restrictions on foreign investment in, control over, management of, ownership of and ability to obtain licenses for entities engaged in a number of business activities.

#### PRC

Under the current PRC laws and regulations, foreign enterprises or individuals may not invest in or operate domestic delivery services of letters. According to the Negative List, foreign investment is prohibited in the establishment of any postal enterprise and in provision of any domestic mail delivery services. Postal enterprises refer to the China Post Group and its wholly owned enterprises or controlled enterprises that provide postal services and other services, including but not limited to mail delivery, postal remittances, savings and issuance of stamps and production and sale of philatelic products.

We are a Cayman Islands exempted company, and our PRC subsidiaries are considered foreign-invested enterprises. Accordingly, none of our PRC subsidiaries is eligible to operate domestic delivery services of letters in China. It is also practically and economically not possible to separate the delivery of letters from the delivery of non-letter items in our day-to-day services. To ensure strict compliance with the PRC laws and regulations, we conduct such business activities through Shanghai Yishangshiye (the “**PRC VIE**”), our PRC consolidated affiliated entity, and its subsidiaries. Chongqing Yunqing Supply Chain Management Co., Ltd. (“**PRC WFOE**”), our wholly owned subsidiary in China, has entered into a series of contractual arrangements with our PRC VIE and its shareholders, which allows us to (i) exercise effective control over our PRC VIE, (ii) receive substantially all of the economic benefits of our PRC VIE, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in our PRC VIE when and to the extent permitted by the PRC laws and regulations. Because of these PRC Contractual Arrangements, we have control over and are the primary beneficiary of our PRC VIE and hence consolidate its financial results as our variable interest entity under IFRS. For a detailed discussion of these PRC Contractual Arrangements, see “Contractual Arrangements.”

In the opinion of our PRC Legal Adviser, DaHui Lawyers, (i) the ownership structures of our WFOE and our consolidated affiliated entities in China, currently and immediately after giving effect to this [REDACTED] are not in violation of any explicit provisions of the PRC laws and regulations currently in effect; and (ii) the PRC Contractual Arrangements between our PRC WFOE, our PRC VIE and its shareholders governed by the PRC laws are valid, binding and enforceable against each party thereto in accordance with their terms. However, we have been further advised by our PRC counsel that the interpretation and application of current and future PRC laws, regulations and rules are evolving, which may also be revised from time to time. Thus, the PRC regulatory authorities may take a view different from the opinion of our PRC legal counsel.

---

## RISK FACTORS

---

### Indonesia

Indonesian laws and regulations impose certain restrictions on foreign investment. In particular, under the Indonesian Postal Law and Law No. 25 of 2007 on Investment as partially amended by the Job Creation Law (Law No. 25 of 2007 as amended, the “**Indonesian Investment Law**”), a 49% foreign investment limit is imposed on companies engaged in courier services. Furthermore, under the Indonesian Postal Law, a foreign postal company (as defined in the Indonesian Postal Law) may subscribe for equity interest in an Indonesian Postal Services Company, provided that such Indonesian Postal Services Company does not engage in any operations outside provincial capitals in Indonesia. Because it is practically and economically impossible to separate our operations among provincial capitals from operations outside provincial capitals, we conduct our business through our Indonesian consolidated affiliated entity, the Indonesian Holdco and its subsidiaries in Indonesia. We have entered into a series of contractual arrangements with the Indonesian Holdco, the Indonesian Corporate Registered Shareholders and the Indonesian Individual Registered Shareholders, which enable us to (i) exercise effective control over our Indonesian consolidated affiliated entities; (ii) receive substantially all of the economic benefits of the Indonesian consolidated affiliated entities; and (iii) have an exclusive option to purchase all or part of the equity interests in the Indonesian consolidated affiliated entities when and to the extent permitted by Indonesian laws.

We have engaged Hutabarat Halim & Rekan as our legal counsel in Indonesia, and they are of the opinion that the Indonesian Contractual Arrangements that we adopted in Indonesia are legally binding and enforceable on the Indonesian Holdco, the Indonesian Corporate Registered Shareholders and the Indonesian Individual Registered Shareholders, respectively, and comply with all relevant laws and regulations of Indonesia.

If the authorities of PRC or Indonesia find that our Contractual Arrangements do not comply with their prohibition or restrictions on foreign investment, or if the relevant government authorities otherwise find that we or any of our subsidiaries are in violation of the relevant laws or regulations or lack the necessary registrations, permits or licenses to operate our businesses in such jurisdictions, they would have discretion in dealing with such violations or failures according to relevant laws and regulations, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- discontinuing or placing restrictions or onerous conditions on our operations through any transactions between our subsidiaries and consolidated affiliated entities;
- imposing fines, confiscating the income from our subsidiaries or consolidated affiliated entities, or imposing other requirements with which such entities may not be able to comply;
- requiring us to restructure our ownership structure or operations, such as terminating the Contractual Arrangements with our consolidated affiliated entities and deregistering the equity pledges of 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;
- restricting or prohibiting our use of the proceeds of any of our financing outside relevant jurisdiction to fund our business and operations; and/or
- taking other regulatory or enforcement actions that could be harmful to our business.

---

## RISK FACTORS

---

Any of these actions could cause significant disruption to our operations and severely damage our reputation, which could in turn materially and adversely affect our business, financial condition and results of operations. If any of these occurrences results in our inability to direct the activities of our consolidated affiliated entities that most significantly impact its economic performance, and/or our failure to receive the economic benefits from our consolidated affiliated entities, we may not be able to consolidate the entity in our consolidated financial statements in accordance with IFRS.

In addition, we have not purchased nor do we maintain any insurance policy to cover any of the risks relating to our Contractual Arrangements. In the event that our Contractual Arrangements are held or declared to be illegal, invalid or not legally binding, or if we fail to enforce our rights under our Contractual Arrangements, or if we fail to seek remedies against the relevant registered shareholders under our Contractual Arrangements, we may not be adequately compensated for our losses, which may materially and adversely affect our business, results of operations and financial condition.

### Thailand

Thai laws and regulations impose certain prohibitions and restrictions on foreign participation in certain businesses in Thailand. In particular, the Land Transport Act imposes foreign ownership restrictions on companies that provide land transportation services. In addition, under the Thai Foreign Business Act B.E. 2542 (1999) (the “**FBA**”), foreigners are restricted from engaging in a number of businesses, which broadly include service businesses that J&T entities in Thailand operate. In Thailand, direct foreign ownership in each Thai company operating any foreign restricted business under the FBA cannot exceed 49% of the total outstanding shares, and genuine Thai shareholder(s) should own at least more than 50% of the total outstanding shares. Under the FBA, it is unlawful for a Thai national or entity to hold shares in a Thai company on behalf of a foreigner to circumvent the foreign ownership restrictions.

We primarily conduct our operations via Global Jet Express (Thailand) Co., Ltd. (“**GJE Thailand**”). GJE Thailand is structured as a majority Thai-owned company with the use of preference shares and ordinary shares with different voting rights and economic benefits at the level of the ultimate Thai holding company, under which the Thai shareholder receives a fixed rate of dividends, if distributed, based on its then paid-up capital contribution, and has less voting rights than the foreign shareholder.

We have obtained confirmations from the Thai Ministry of Commerce (“**MoC**”), with respect to the Foreign Business Act, that the shareholding structure adopted by GJE Thailand and its shareholder would not cause GJE Thailand to be considered as a foreign company under the FBA. According to the letters from the MoC, we believe that our current operations in Thailand does not require approval under the FBA and the current shareholding structure of GJE Thailand does not violate the FBA.

Based on our assessment and opinions of our Thai counsel Weerawong, Chinnavat & Partners Ltd., we believe our shareholding structure in Thailand is in compliance with applicable local laws and regulations. However, local or national authorities or regulatory agencies in Thailand may conclude that our arrangements are in violation of local laws and regulations, and GJE Thailand may be ordered to cease their businesses. Nonetheless, to date there are no cases in which MoC or the Thai Police Department has taken any action at Thai courts against any company adopting a similar shareholding structure and it would take approximately three to four years before a final court judgment is rendered. Our Thai legal counsel has advised that it would be possible to restructure our Thailand operations during the investigation or court



---

## RISK FACTORS

---

proceedings in order to minimize the risk of a court order being issued for the cessation of the businesses of our Thai subsidiaries. Nonetheless, if we were not able to restructure our shareholding in a timely manner, or at all, we may also be subject to decisions or orders that require us to cease business operations or to dissolve. Any of the foregoing would materially and adversely affect our business, financial condition and results of operations.

### Malaysia

The Malaysian Communications and Multimedia Commission (“MCMC”) is the regulatory body for courier services in Malaysia under the Postal Services Act 2012. The MCMC has proposed to implement a new courier service licensing regime for Malaysia by December 2022. Under the new framework, the MCMC proposed to introduce, among others, (i) a new licensing structure, (ii) new licensing criteria and scope of services, (iii) a new annual license fee model, (iv) new license conditions, and (v) mapping and migration processes. There are three new classes of courier service license proposed, namely N-Courier (National Delivery Service), U-Courier (Urban Delivery Service) and I-Courier (Pickup Drop Off Points (PUDO) and Intermediary Service). In the public consultation paper issued by the MCMC, special conditions on shareholding structure may be imposed for N-Courier license holders, being foreign shareholding must not exceed 49%. The consultation paper provides that no shareholding restriction is applicable for U-Courier or I-Courier licensee holders. As the framework is still under consultation and has not been adopted, it remains unclear whether the formal version adopted in the future will have any further material changes, and it is uncertain how the measures will be enacted, interpreted or implemented and how they will affect us. If the MCMC promulgates new laws and regulations that require additional approvals or licenses or imposes additional conditions or restrictions on our daily operations and we are unable or delay or fail to comply, the MCMC may have the authority, among other things, to levy fines, revoke business licenses, and requires us to discontinue our relevant business or imposes restrictions on the affected portion of our business. Any of these actions by the MCMC may have a material and adverse effect on our results of operations.

If government authorities in any countries in which we may establish entities in the future believe that our ownership of, or arrangements with respect to, relevant entities do not comply with applicable laws and regulations, including requirements, prohibitions or restrictions on foreign investment in our lines of business or with respect to necessary registrations, permits or licenses to operate our businesses in such jurisdictions, they would have discretion in dealing with such violations or failures, including imposing civil or criminal sanctions or financial penalties against us, deeming our arrangements void by law and requiring us to restructure our ownership structure or operations, revoking our business licenses and/or operating licenses, prohibiting payments from and funding to our entities or ordering us to cease our operations in the relevant jurisdictions.

***Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.***

Since PRC and Indonesian laws and regulations impose certain restrictions on foreign investment, we operate our business in China and Indonesia through our consolidated affiliated entity, in which we have no ownership interest and rely on a series of contractual arrangements with our consolidated affiliated entities and their respective equity holders to control and operate these businesses. Our revenue and cash flow from our business are attributed to our consolidated affiliated entities. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over our consolidated affiliated entities. Direct ownership would allow us, for example, to directly or indirectly exercise our rights as a shareholder to effect changes in the boards of directors of our consolidated affiliated entities,

---

## RISK FACTORS

---

which, in turn, could effect changes, subject to any applicable fiduciary obligations at the management level. However, under the 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. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our consolidated affiliated entities and may lose control over the assets owned by our consolidated affiliated entities. As a result, we may be unable to consolidate our consolidated affiliated entities in our consolidated financial statements, which could materially and adversely affect our financial condition and results of operations.

***Any failure by our consolidated affiliated entities in the PRC or Indonesia 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 laws of each jurisdiction where we operate, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under relevant laws. For example, if the shareholders of our consolidated affiliated entities were to refuse to transfer their equity interests in or assets of relevant 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, then 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 local laws of the jurisdictions where we operate, and such agreements provide for the resolution of disputes through arbitration in relevant jurisdictions. Accordingly, these contracts would be interpreted in accordance with local laws, and any disputes would be resolved in accordance with legal procedures stipulated in each jurisdiction. The legal systems in many jurisdictions in which we operate are different from some other jurisdictions. As a result, differences and future changes in these legal systems could limit our ability to enforce these Contractual Arrangements. See “– Risks Related to Doing Business in Jurisdictions in Which We Operate – There may be changes from time to time with respect to the legal systems of certain markets where we operate, and any failure to comply with laws and regulations could adversely affect us.” Meanwhile, there are limited precedents as to how Contractual Arrangements in relation to consolidated affiliated entities structures should be interpreted or enforced under relevant laws. In addition, all the agreements under our Contractual Arrangements in the PRC are governed by PRC law and provide for the resolution of disputes through arbitration in China. Under PRC law, rulings by arbitrators are final. Parties generally 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 may cause additional expenses and delays in enforcement. Meanwhile, the Indonesian Contractual Arrangements are governed by the laws of the Republic of Indonesia, and provide the resolution of disputes through arbitration in Hong Kong International Arbitration Centre. Under the Indonesian laws, arbitration rulings are final and binding to the parties, and the parties cannot appeal the arbitration rulings in the Indonesian courts. However, since the agreed arbitration location is in Hong Kong (international arbitration ruling), in order for the ruling to be executable and enforceable in Indonesia, such ruling must be recognized and acknowledged by Central Jakarta District Court through ratification. The execution may then be carried out by the district court of the relevant

---

## RISK FACTORS

---

jurisdiction. In the event we are unable to enforce these Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our consolidated affiliated entities, and our ability to conduct our business may be negatively affected.

***The interests of the direct or indirect shareholders of our consolidated affiliated entities in the PRC and Indonesia may have actual or potential conflicts of our interests.***

The interests of the direct or indirect shareholders of our consolidated affiliated entities may differ from our interests as what is in the interests of the shareholders of our consolidated affiliated entities, including matters such as whether to distribute dividends, may not be in the best interests of ours. The shareholders of our consolidated affiliated entities may breach, or cause our consolidated affiliated entities to breach the existing Contractual Arrangements with us, which would have a material and adverse effect on our ability to effectively control our consolidated affiliated entities and receive economic benefits from them. For example, these 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 our best interests or such conflicts will be resolved in our favor. If we cannot resolve any conflict of interest or dispute between us and these shareholders, 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.

***If we exercise the exclusive right to acquire equity ownership of Shanghai Yishangshiye, the ownership transfer may subject us to certain limitations and substantial costs.***

Pursuant to the PRC Contractual Arrangements, we have the exclusive right to purchase all or any part of the equity interest in Shanghai Yishangshiye and from Shanghai Yishangshiye all or any part of the assets of Shanghai Yishangshiye and its subsidiaries at any time in our absolute discretion to the extent permitted by the PRC laws. The equity transfer may be subject to approvals from and filings with the relevant authorities. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authority. Such tax amount could be substantial and as a result, our financial condition may be adversely affected.

***There are restrictions for us to exercise our rights to transfer the shareholding in the Indonesian Holdco under our Indonesian Contractual Arrangements.***

Due to the foreign ownership restriction under the relevant laws and regulations in Indonesia specifically in relation to the restriction in Article 11(1)d and 11(2) of the Indonesian Postal Law, a Foreign Postal Operator is not allowed to acquire the shares of an existing Indonesian Postal Services Company. A Foreign Postal Operator is allowed to own certain equity interest in an Indonesian Postal Services Company only if a Foreign Postal Operator forms a new joint venture company with an Indonesian Postal Services Company. In the event of bankruptcy of the shareholders of the Indonesian Holdco, we have to cause all of the shares registered under the name of the respective shareholder of the Indonesian Holdco to be transferred to a third party designated by us and such third party must also be Indonesian citizen(s) or legal entity fully owned by Indonesian citizen(s), and to procure such third party to take up and hold all such shares subject to arrangements similar to that of the Contractual Arrangements. In the event that we are unable to procure such a third party to replace the shareholders of the Indonesian Holdco to take up the shares subject to arrangements similar to that of the Indonesian Contractual Arrangements and in the event that we take up those shares and become the registered shareholder of those shares, as advised by our Indonesian Legal Counsel, (i) we

---

## RISK FACTORS

---

may violate the Indonesia law which imposes the foreign ownership restriction and the restriction of Indonesian Postal Law, (ii) business license of the Indonesian Holdco may be revoked by the relevant government authority; (iii) the relevant government authority may not process the application for registration of change in our Company’s shareholders composition, directors or commissioners or articles of association; and (iv) any transfer of shares of the shareholders of the Indonesian Holdco that violates Indonesian laws and regulations may be declared null and void by Indonesian courts in case a party applies to the relevant Indonesian courts to nullify and void such transfers. In addition, such transfer of shares may also be subject to substantial costs including professional fees which may be incurred in preparing the relevant documentation and attending to the filing regarding such transfers.

***We may lose the ability to use and enjoy assets held by our PRC or Indonesian consolidated affiliated entities that are critical to the operation of our business if our consolidated affiliated entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.***

As part of our Contractual Arrangements, our consolidated affiliated entities in PRC and Indonesia and their subsidiaries hold certain assets that are material to the operation of a certain portion of our business, including sorting centers premises and sorting equipment. If any of our consolidated affiliated entities goes bankrupt and all or part of their assets become subject to liens or the rights of third-party creditors, we may not be able to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, our consolidated affiliated entities may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If our consolidated affiliated entities in the PRC or Indonesia undergo a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

***Our current corporate structure and business operations in the PRC may be substantially affected by the PRC Foreign Investment Law and Implementing Rules.***

The structure based on the PRC Contractual Arrangements has been adopted by many PRC-based companies to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions. Pursuant to the PRC Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organizations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign-invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The PRC Foreign Investment Law and the Implementing Rules do not introduce the concept of “control” in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the PRC Contractual Arrangements structure would be deemed as a method of foreign investment. However, the PRC Foreign Investment Law has a catch-all provision that includes the definition of “foreign investments” made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council, and as the PRC Foreign Investment Law and the Implementing Rules are newly adopted and relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the PRC Foreign

---

## RISK FACTORS

---

Investment Law, the possibility cannot be ruled out that the concept of “control” may be embodied in, or the PRC Contractual Arrangements adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If any of our PRC consolidated affiliated entities was deemed as a foreign-invested enterprise under any of such future laws, regulations and rules, and any of the businesses that we operate would be in any “negative list” for foreign investment and therefore be subject to any foreign investment restrictions or prohibitions, further actions required to be taken by us under such laws, regulations and rules may materially and adversely affect our business, financial condition and results of operations. Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing PRC Contractual Arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. 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, business, financial condition and results of operations.

***The Contractual Arrangements we have entered into with our consolidated affiliated entities may be subject to scrutiny by the tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.***

The tax regimes where we operate through the Contractual Arrangements are rapidly evolving, and local taxpayers shall comply with the latest effective laws and regulations as new laws and regulations may be promulgated, existing laws and regulations may be amended from time to time, and our current interpretation and understanding of applicable laws and regulations may be significantly different from authorities’ interpretations in the future. The local tax authorities may determine that we or our subsidiaries or consolidated affiliated entities or their equity holders owe and/or are required to pay additional taxes on previous or future revenue or income. In particular, under applicable laws, rules and regulations, arrangements and transactions among related parties, such as the Contractual Arrangements with our consolidated affiliated entities, may be subject to audit or challenge by the tax authorities in accordance with applicable laws and regulations. If any Contractual Arrangements were not entered into on an arm’s length basis and therefore constitute a favorable transfer pricing, tax liabilities of the relevant subsidiaries and/or consolidated affiliated entities and/or equity holders of the consolidated affiliated entities could be increased, which could increase our overall tax liabilities. In addition, the local tax authorities may impose late payment fees or other penalties. Our profit may be materially reduced if our tax liabilities increase.

***Certain terms of the PRC Contractual Arrangements may not be enforceable under PRC laws.***

The PRC Contractual Arrangements provide for dispute resolution by way of arbitration at the Shanghai Arbitration Commission, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shanghai.

The PRC Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the equity interests, assets or property interest of our PRC consolidated affiliated entities, injunctive relief or order the winding up of the PRC consolidated affiliated entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the PRC consolidated affiliated entities in case of disputes, which may materially and adversely affect the enforcement of those provisions. In addition, interim remedies or enforcement order granted by overseas courts such



---

## RISK FACTORS

---

as Hong Kong and the Cayman Islands may not be recognizable or enforceable in other countries or regions, including countries or regions where we operate, or enforceable under the local laws. PRC laws allow the arbitral body to grant an award of transfer of assets of or equity interests in the PRC consolidated affiliated entities in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. The court will decide whether to take enforcement measures according to applicable laws and regulations.

Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against our PRC consolidated affiliated entities as interim remedies for the purpose of protecting assets or equity interests in favor of any aggrieved party. In case the PRC Contractual Arrangements provide that courts in competent jurisdictions may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if granted by courts in competent jurisdictions in favor of an aggrieved party) may still not be recognized, or enforced by courts including the courts in the PRC. As a result, in the event that our PRC consolidated affiliated entities or the shareholders of our PRC VIE breach any of the PRC Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our PRC consolidated affiliated entities and conduct our business could be materially and adversely affected.

### **Risks Related to Doing Business in Jurisdictions in Which We Operate**

*Changes in the economic, political or social conditions or government policies of the geographic markets in which we operate could have a material adverse effect on our business and operations.*

We operate a significant portion of our business in a number of geographic markets across Asia and other emerging markets. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. The economies in emerging markets generally differ from developed markets in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange, government policy on public order and allocation of resources. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Some local governments also exercise control over the economic growth and public order in their respective jurisdictions through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policies, and providing preferential treatment to particular industries or companies. Governmental actions to control inflation and other policies and regulations have often involved, among other measures, price controls, currency devaluations, capital controls and limits on imports.

Growth of the economy in each of our geographic markets has been uneven, both geographically and among various sectors of the economy. An economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could have a material adverse effect on our business, financial condition and results of operations. Some of these markets have experienced, and may in the future experience, political instability, including strikes, demonstrations, protests, marches, guerilla activity or other types of civil disorder. These instabilities and any adverse changes in the political environment could increase our costs, increase our exposure to legal and business risks, disrupt our office operations or affect our ability to expand our user base.

---

## RISK FACTORS

---

*There may be changes from time to time with respect to the legal systems of certain markets where we operate, and any failure to comply with laws and regulations could adversely affect us.*

The legal systems markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but are not legally binding on other courts.

Some of markets in which we operate have not developed a fully integrated legal system. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to changes and evolving, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities have discretion in interpreting and implementing statutory provisions and contractual terms, the outcome of administrative and court proceedings and the level of legal protection we have in many of the localities in which we operate are unpredictable. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory changes may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

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

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

*It may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in the Philippines and Cambodia where circumstances necessitate in the course of overseeing us as a [REDACTED] company by the regulations in Hong Kong.*

Our Directors and us, which will be regulated by the SFO and other applicable laws and regulations in Hong Kong upon the [REDACTED], shall be required to provide the SFC with all information relating to our business in the Philippines and Cambodia that is necessary for its investigation of our affairs as may be required under Hong Kong laws or regulations. However, as the Philippines and Cambodia have not signed any regulatory cooperation agreement or memorandum of understanding with the SFC or the Hong Kong Stock Exchange, nor is it a member of the International Organization of Securities Commissions (the "IOSCO") or a signatory to the IOSCO Multi-lateral Memorandum of Understanding (the "IOSCO MMOU"), it may be difficult for the Hong Kong regulators to obtain information or call for regulatory assistance in the Philippines and Cambodia where circumstances necessitate in the course of overseeing us as a [REDACTED] company by the regulations in Hong Kong.

---

## RISK FACTORS

---

As we continue to grow our operations in our core markets and expand our presence into further global jurisdictions, we do not expect the relevant contributions in revenue or assets attributable to the Philippines and Cambodia to significantly increase in the future. Nevertheless, we will continuously monitor our local business operations and business expansion rate in the Philippines and Cambodia on an ongoing basis. Our management will also report periodic information of the revenue generated by our operating entities in the Philippines and Cambodia to our Board of Directors. In the event the contributions of our business in the Philippines and Cambodia grow in significance in relation to our overall operations, we will take steps with respect to access to our Philippine and Cambodian operating entities’ books and records and fully cooperate with all regulatory requests in order to facilitate the Hong Kong Stock Exchange and the SFC’s access to information of these operating entities based abroad. Our Directors believe these measures are adequate and effective in ensuring full compliance with Rule 8.02A of the Listing Rules.

***Certain geographic markets where we operate have been subject to periods of political and social instability, and any renewed or continuous political violence or instability could materially and adversely affect our business, financial condition, results of operations and prospect.***

Our business, financial condition, results of operations and prospects are significantly impacted by the political situation in countries where we operate, some of which have historically been subject to periods of instability, including political violence, contested elections and military coups. For example, in October and November 2020, Thailand has experienced mass political movements and protests against the government across certain provinces, and especially in the central business districts of Bangkok.

In recent years, there have been political protests, other protests, terrorist attacks and other types of instabilities which have particularly affected countries such as Thailand and the Philippines. In May 2017, the city of Marawi in the Philippines was assaulted by the Maute Group, terrorists. In October 2017, the city was declared liberated from the terrorists but the state of national emergency on account of lawless violence declared in 2016 in the Mindanao region (where the city of Marawi is located) has not been lifted. Similarly, Malaysia has also witnessed a period of political upheavals since 2018 to date.

Continued violence could lead to widespread unrest or a major terrorist incident similar to those in other parts of Southeast Asia. An increase in the frequency, severity or geographic reach of violent crimes, political turmoil and similar events could have a material adverse effect on investment and confidence in, and the performance of the economy of those countries where we operate. Any such destabilization could cause interruption to our business and materially and adversely affect our financial conditions, results of operations and prospects.

***You may experience difficulties in effecting service of legal process, enforcing Shareholders’ rights and foreign judgments or bringing actions against us or our management named in the [REDACTED] based on foreign laws.***

We are an exempted company incorporated under the laws of the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under the Cayman Islands laws may differ in some respects from what they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located.

In addition, some of our Directors and executive officers reside in the PRC. As a result, it may be difficult to effect service of process outside of the PRC upon us, our Directors and executive officers. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the U.S., the U.K., Japan or some other countries.

---

## RISK FACTORS

---

Therefore, recognition and enforcement in the PRC of judgments of a court in these jurisdictions may be difficult, and the outcomes of which are often unpredictable. In addition, you may not be able to bring original actions in the PRC based on the U.S. or other foreign laws against us, our Directors or executive officers. As a result, shareholder claims are subject to the laws of the jurisdictions where the investigation is conducted or action is being sought, and the outcomes of such claims may be unpredictable.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement, and promulgated on July 3, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the 2006 Arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement may be unpredictable.

On January 18, 2019, the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the 2019 Arrangement, which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. The 2006 Arrangement will be superseded upon the effectiveness of the 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

***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 PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with “de facto management body” within China 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. In 2009, the State Administration of Taxation, or SAT, issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the De Facto Standards of Organizational Management, 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

---

## RISK FACTORS

---

China. Although this circular 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 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. According to the above circular, 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 China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could reduce our net income, and we may be required to withhold a 10% withholding tax (unless a preferential tax treatment is available under an applicable tax treaty) from dividends we pay to our Shareholders that are non-resident enterprises, including the holders of our Shares. In addition, non-resident enterprise Shareholders may be subject to PRC tax at a rate of 10% (unless a preferential tax treatment is available under an applicable tax treaty) on gains realized on the sale or other disposition of our Shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual Shareholders and any gain realized on the transfer of our Shares by such Shareholders may be subject to PRC tax at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is unclear whether our non-PRC Shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in our Shares.

***We face uncertainties with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.***

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our Company by non-resident investors. In February 2015, the SAT issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises. Pursuant to this new regulation, an “indirect transfer” of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% (unless a preferential tax treatment is available under an applicable tax treaty) for the transfer of equity interests in a PRC resident enterprise. In October 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, which further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.



---

## RISK FACTORS

---

We face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our Company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non-resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may be subject to filing obligations or be taxed under the above mentioned two bulletins, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations.

*If our preferential tax treatments and government subsidies are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions.*

The Chinese government has provided tax incentives to our PRC subsidiaries in China, including reduced enterprise income tax rates. We cannot assure you that we will continue to be eligible to receive such local government tax refunds or subsidies or that amount of such refunds or subsidies will not be reduced in the future. Our ability to continue enjoying local government tax refunds or subsidies is subject to changes in national or local policies that affect the validity of our agreements, and may be affected by the termination of, or amendments to, such agreements for reasons beyond our control. We cannot assure you that we will be able to enter into new agreements with local government authorities that provide local government tax refunds or subsidies to us on similar terms. Any increase in the enterprise income tax rate applicable to our PRC subsidiaries in China, or any discontinuation, retroactive or reduction or refund of any of the preferential tax treatments, or any significant decrease in or termination of such local government tax refunds or subsidies currently enjoyed by our PRC subsidiaries in China, could adversely affect our financial condition.

*Laws and regulations in countries where we operate may affect our pursuit of growth through acquisitions.*

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) jointly issued by the MOFCOM and five other PRC regulatory authorities on August 8, 2006, and amended on June 22, 2009 (the “**M&A Rules**”), the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by the Ministry of Commerce on August 25, 2011, the Measures for the Examination of the Security of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the Ministry of Commerce on December 19, 2020, and some other regulations and rules concerning mergers and acquisitions established procedures and requirements for some acquisitions of Chinese companies by foreign investors. These include requirements in some instances that the Ministry of Commerce, be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review. Mergers and acquisitions by foreign investors that raise “national defense 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 Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement.

---

## RISK FACTORS

---

Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People’s Congress of China and effective in 2008, as most recently amended on June 24, 2022 and effective from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the relevant anti-monopoly authority before they can be completed. It also requires business operators not to abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition.

In Vietnam, when a foreign investor or a foreign investor equivalent entity acquires shares or equity interest, or makes capital contribution in a Vietnamese company, such investor may be required to obtain an approval from the competent investment authority under certain circumstances. See “Regulatory Overview – Vietnam Investment Law – M&A Approval” in Appendix III to this document. Similarly, in the Philippines, acquisitions of licensed entities, including domestic and international freight forwarders and courier service providers, require prior approvals from relevant regulatory authorities before such entity can implement the said transaction. Republic Act No. 10667, the Philippine Competition Act (the “PCA”), prohibits practices that restrict market competition. It also requires parties to notify and obtain clearance from the Philippine Competition Commission (“PCC”) for mergers and acquisitions that meet the notifiability thresholds. PCC also has the discretion to review any transaction that it believes is likely to substantially restrict competition in the market.

Under the Republic Act No. 11659 or an Act Amending Commonwealth Act No. 146, otherwise known as the Public Service Act (“PSA Amendment”) and its implementing rules, the President of the Philippines also has the power to suspend or prohibit any proposed merger or acquisition transaction, or any investment in a public service that effectively results in the grant of control, whether direct or indirect, to a foreigner or a foreign corporation or a foreign government where the proposed merger or acquisition transaction, or investment in a public service has national security implications.

We may pursue potential strategic acquisitions that are complementary to our business and operations. If we fail to fully comply with the requirements of the above-mentioned regulations and other relevant rules and any required approval processes in a timely manner, it may delay the process or affect our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our Company becomes an overseas-[REDACTED] company upon the completion of this [REDACTED]. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, and administration penalty and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries’ ability to distribute dividends to us. We also face regulatory changes that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law.

---

## RISK FACTORS

---

In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face administration penalty imposed by the tax authorities or other PRC government authorities.

***Our failure to fully comply with labor-related laws may expose us to potential penalties.***

Companies operating in China are required to participate in various employee benefit plans, including certain social insurance, housing funds, unemployment insurance, health insurance plans 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 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 given the different levels of economic development in different locations. During the Track Record Period, there were shortfalls in our contributions to social insurance and housing funds for our China-based employees, and we have made provisions in connection with such shortfalls. For 2020, 2021, 2022 and the six months ended June 30, 2023, we had shortfalls of RMB19.4 million, RMB58.2 million, RMB77.7 million and RMB39.4 million, respectively, in our contributions to social insurance contributions and RMB15.9 million, RMB23.0 million, RMB20.6 million and RMB11.6 million, respectively, in housing fund contributions. As advised by our PRC Legal Advisor, an employer that has not made social insurance contributions at such rate and based on such amount as prescribed by the law, or at all, may be ordered to rectify the non-compliance and pay the required contributions within a stipulated timeframe and be subject to a late fee of up to 0.05% per day. Failure to fulfill the outstanding contributions within the stipulated timeframe may result in fines ranging from one to three times of the amount in arrears. As of the Latest Practicable Date, we had not received any notice for payment of penalties of social insurance premium and housing provident funds from the competent authorities. As advised by our PRC Legal Adviser, the likelihood of us receiving any notice of penalties from the competent authorities is relatively low, provided that we pay the outstanding contribution, and late fee (if any), for social insurance and house provident funds in full amount within the prescribed period after receiving notices to rectify such non-compliance from the competent authorities. However, there is no assurance that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, or any of our employees would not make complaints or demand for payment for any outstanding contribution. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting aggregated collection of enterprises’ historical social insurance arrears. As advised by our PRC Legal Adviser, (i) the likelihood of us being conducted aggregated collection of our historical social insurance arrears is remote; and (ii) if we receive notices from the competent authorities requiring us to rectify such non-compliance, and we pay such outstanding amounts and late fees (if any) within the required period, the likelihood of us being required to pay penalties is remote. In addition, we also engage outsourcing firms to provide a large number of personnel to work at our network facilities. The outsourcing activities and agreements are subject to local laws and regulations. For example, in the Philippines, outsourcing agreements are highly regulated and are subject to strict requirements under Philippine labor laws and regulations. Even if we may have contractual

---

## RISK FACTORS

---

protection against claims from outsourced personnel, in the event that the outsourcing firms violate any relevant labor laws and regulations or their employment agreements with the outsourced personnel, such personnel may file a claim against us as they provide their services at our network facilities. As a result, we may incur legal liability, and our reputation, brand image as well as our business, financial condition and results of operations could be materially and adversely affected.

***Our PRC subsidiaries may be subject to PRC regulations relating to offshore investment activities by PRC residents if they want to change their registered capital or distribute profits to us. We and our PRC resident beneficial owners may also be subject to be subject to liability and penalties under relevant PRC laws.***

On July 4, 2014, SAFE promulgated the Notice on Issues Relating to Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37. The SAFE Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purposes) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. The SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. The SAFE Circular 37 is applicable to our Shareholders or beneficial owners who are PRC residents and may be applicable to any offshore acquisitions that we make in the future. According to the Notice of the SAFE on Further Simplifying and Improving the Foreign Exchange Administration Policies for Direct Investment, promulgated by the SAFE on February 13, 2015 and effective on June 1, 2015, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under the SAFE Circular 37 from June 1, 2015.

If our Shareholders or beneficial owners who are PRC residents or entities do not complete their registration with the local SAFE branches or qualified local banks, our PRC subsidiaries may be prohibited from distributing to us its profits and proceeds from any reduction in capital, share transfer or liquidation, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange administration.

We may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our Company, nor can we compel our Shareholders or beneficial owners to comply with SAFE registration requirements. We cannot assure you that all shareholders or beneficial owners of ours who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations.

The failure or inability of such Shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us or the non-compliant Shareholders or beneficial owners to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure. As a result, our operations and our ability to distribute any future profits to you could be materially and adversely affected.

---

## RISK FACTORS

---

***We may be materially adversely affected if our Shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations.***

In December 2017, the NDRC promulgated the Administrative Measures on Overseas Investments, according to which non-sensitive overseas investment projects are subject to record-filing requirements with the local branch of the NDRC. In September 2014, the Ministry of Commerce promulgated the Administrative Measures on Overseas Investments, according to which overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local branch of the Ministry of Commerce. According to the Circular of the State Administration of Foreign Exchange on Issuing the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our Shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the relevant authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time.

***We may rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries to fund offshore cash and financing requirements. Any limitation on the ability of our operating subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business.***

We are a holding company and rely on dividends and other distributions on equity paid by our principal operating entities, for our offshore cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders, fund inter-company loans, service any debt we may incur and pay our expenses. When our principal operating entities incur additional debt, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances to us. Furthermore, the laws, rules and regulations applicable to our principal operating subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations. For example, under Thai laws, rules and regulations, each of our subsidiaries and consolidated affiliated entities incorporated in Thailand is required to set aside, every time the dividend payment is made, at least 5% of the profits until the reserve fund reaches 10% of the capital of the company, and in the PRC, at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. As a result of these laws, rules and regulations, our principal operating entities and consolidated affiliated entities in Thailand and the PRC are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances. In addition, registered capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary.

The distribution of dividends to us from the subsidiaries in the other geographic markets in which we operate is subject to restrictions imposed by the applicable laws and regulations in these markets. For example, although the current foreign exchange control regulations do not restrict the ability of our subsidiaries in Thailand to distribute dividends to us, the relevant regulations may be changed and the ability of these subsidiaries to distribute dividends to us



---

## RISK FACTORS

---

may be restricted in the future. Further, Philippine law requires that dividends may only be declared out of unrestricted retained earnings; and there are regulations requiring registration of the foreign investment with the *Bangko Sentral ng Pilipinas* (“BSP”), the Philippine Central Bank, to be able to source from the Philippine banking system foreign currency to be used in repatriating capital or remitting dividends outside the Philippines.

***PRC regulation of loans to and direct investment in PRC entities by offshore holding companies may delay us from using the [REDACTED] of this [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries and to make loans to our VIE, which could materially and adversely affect our liquidity and our ability to fund and expand our business.***

In utilizing the [REDACTED] of this [REDACTED], we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as “foreign-invested enterprises” under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary registration with competent governmental authorities in the PRC.

SAFE promulgated the Notice of the SAFE on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective on June 1, 2015. According to Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used, whether directly or indirectly, for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans (including third party advance) or the repayment of bank loans that have been transferred to a third party. Although Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the SAFE on Reforming and Regulating the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of Circular 19 and Circular 16 could result in administrative penalties. Circular 19 and Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net [REDACTED] from this [REDACTED], to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

On October 23, 2019, the SAFE promulgated the Notice of the SAFE on Further Promoting the Convenience of Cross-border Trade and Investment, or the SAFE Circular 28, which permits non-investment foreign-invested enterprises to use their capital funds to make equity investments in the PRC, with genuine investment projects and in compliance with effective foreign investment restrictions and other applicable laws. However, as the SAFE Circular 28 was issued recently, there may be changes as to its interpretation and implementations in practice.

---

## RISK FACTORS

---

In light of the various requirements imposed by PRC regulations on loans to, and direct investments in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the [REDACTED] we received from this [REDACTED], 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.

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

We expect to receive a portion of any future revenues we earn in local currencies including Renminbi, Indonesian Rupiah, Vietnamese Dong, Malaysian Ringgit or Philippine Pesos, among other currencies. Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from our Group entities in Indonesia, the Philippines, the PRC and other countries to fund any cash and financing requirements we may have. The distribution of dividends to us from the subsidiaries in these markets as well as other markets where we operate is subject to restrictions imposed by the applicable laws and regulations in these markets. For example, in the Philippines, regulations requiring registration of the foreign investment with the Philippine Central Bank, to be able to source from the Philippine banking system foreign currency to be used in repatriating capital or remitting dividends outside the Philippines. Also, under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange policies, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in the PRC may be used to pay dividends to our company. We need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay off their respective debt in a currency other than RMB owed to entities outside the PRC, or to make other capital expenditure payments outside the PRC in a currency other than RMB. The PRC government may exercise discretion in accordance with applicable laws and regulations and restrict access in the future to foreign currencies for current account transactions. Our failure to obtain sufficient foreign currencies to satisfy our foreign currency demands may have a material adverse impact on our ability to fund our operations in other jurisdictions and our ability to pay dividends in foreign currencies to our Shareholders.

***The current tensions in international trade and rising global and cross-regional political tensions.***

Our operations are adversely affected by the regional and global economic markets. Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities. Such tensions and any escalation thereof, may have a negative impact on the general, economic, political, and social conditions in jurisdictions where we operate. In case of a tightening of credit in financial markets globally, this could also impact the markets where we operate and our ability to arrange for financing for our capital requirements. In addition, any adverse impact on our customers or business partners arising from such tensions, sanctions or other events beyond their control, may disrupt our business relationships with them. Any difficulties we face in accessing financing on acceptable terms and conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

---

## RISK FACTORS

---

Additionally, Russian actions with respect to Ukraine have resulted in certain sanctions and export controls being imposed by the United States, the European Union, the United Kingdom and other jurisdictions. Our cross-border delivery services does not cover, ship to or take orders from any of the sanctioned areas. However, we cannot assure you that our cross-border services will not be impacted by sanctions or export controls in the future. For example, we cannot assure you that areas and regions that we currently serve or where our transportation and shipment pass through will not become a sanctioned area in the future. The conflict between Russia and Ukraine, including related economic sanctions, could lead to disruption, instability and volatility in global markets and industries that could negatively impact our business. We cannot predict the impact of the Russia-Ukraine conflict and any heightened military conflict or geopolitical instability that may follow. Any such disruptions or resulting sanctions may adversely affect our business.

### **Risks Related to the WVR Structure**

*The concentration of our Share’s voting power limited our Shareholders’ ability to influence corporate matters.*

Our proposed dual-class structure with weighted voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Shares may view as beneficial. Our Company will be controlled through weighted voting rights upon the completion of the [REDACTED]. On each resolution subject to a vote at general meetings on a poll, each Class A Share shall entitle its holder to ten votes and each Class B Share shall entitle its holder to one vote, except for resolutions with respect to the Reserved Matters, in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting of our Company. We will issue Class B Shares in the [REDACTED]. For further details about our shareholding structure, see “Share Capital – Weighted Voting Rights Structure” of this document.

Immediately upon the completion of the [REDACTED], the WVR Beneficiary will be Mr. Li. Mr. Li will beneficially own 979,333,410 Class A Shares, representing approximately [REDACTED]% of the total voting rights in our Company (assuming the [REDACTED] is not exercised) with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Li therefore has considerable influence over matters requiring shareholder approval, including the election of Directors (excluding the appointment, election or removal of any independent non-executive Director) and significant corporate transactions, such as such as a merger or other sale of our Company or our assets, for the foreseeable future. This concentrated control will limit or severely restricts our Shareholders’ ability to influence corporate matters and, as a result, we may take actions that holders of Class B Shares do not view as beneficial.

*Our WVR Beneficiary has significant influence over our Company and may not act in the best interests of our other Shareholders.*

Our WVR Beneficiary has 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. The concentration of voting power and the substantial influence of our WVR Beneficiary 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. The interests of our WVR Beneficiary 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 WVR Beneficiary will continue to have the ability to exercise 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.

---

## RISK FACTORS

---

### Risks Related to the [REDACTED]

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

*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 in Southeast Asia and China countries 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 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 companies with operations in China and listed in Hong Kong, which 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 and Corporate Structure – Pre-[REDACTED] Investments” for more details of the existing shareholders not subject to lock-up agreements.

---

## RISK FACTORS

---

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

As the [REDACTED] of Shares is higher than the net tangible book value per share of our Shares immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [REDACTED] 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 the Cayman Islands laws, 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 as they fall due in the ordinary course of business. In addition, our shareholders may approve, in a general meeting, any declaration of dividends, 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 assurance 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.

***Investors may experience difficulties in enforcing Shareholder rights.***

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The rights of the Shareholders and the fiduciary duties of our Directors under Cayman Islands laws may differ in some respects as they would be under statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located. As a result, Shareholders may have more difficulties in exercising their rights against the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.



---

## RISK FACTORS

---

*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 contained in this document.*

This document contains information and statistics relating to the express delivery 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 assure you the quality or reliability of such source materials. The information has not been independently verified by us, the [REDACTED], the [REDACTED], the [REDACTED], the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], 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.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain [REDACTED] information and other matters.

The words “anticipate,” “believe,” “could,” “potential,” “continue,” “expect,” “intend,” “may,” “plan,” “seek,” “will,” “would,” “should” and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in “Risk Factors” in this document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [REDACTED]. Prior to the publication of this document, there has been press and media coverage regarding us and the [REDACTED]. 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

## RISK FACTORS

---

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.

*There will be a time gap of several business days between [REDACTED] and [REDACTED] of our Class B Shares [REDACTED] in the [REDACTED]. Holders of our Shares are subject to the risk that [REDACTED] prices of our Shares could fall during the period before [REDACTED] of our Shares begins.*

The [REDACTED] of our Shares is expected to be [REDACTED] on the [REDACTED]. However, our Shares will not commence [REDACTED] on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the [REDACTED]. 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 [REDACTED] begins as a result of unfavorable market conditions, or other adverse developments, that could occur between the time of sale and the time [REDACTED] begins.