You should carefully consider all of the information in this document including the risks and uncertainties described below and our financial statements and the related notes before making an investment in the [**REDACTED**]. *Our business and operations involve certain risks and uncertainties, many of which are beyond our control. You should pay particular attention to the fact that substantially all of our business is located in the PRC and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. For more information concerning the PRC and certain related matters discussed below, please refer to the section headed "Regulatory Overview" in this document. Our business, financial conditions and operating results could be materially and adversely affected by any of these risks. The* [**REDACTED**] *of our H Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial conditions and operating results.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised as (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to conducting business in the PRC, and (iv) risks relating to the [**REDACTED**].

RISKS RELATING TO OUR BUSINESS

We heavily rely on our Controlling Shareholders and any material changes in our relationships with our Controlling Shareholders would have a material adverse impact on our business, financial conditions and operating results.

We have a close business relationship with our Controlling Shareholders, Shaanxi Automobile and Shaanxi Automobile Holding. During the Track Record Period, a substantial part of our business was derived from, associated with or related to Shaanxi Automobile and its associates, in particular Shaanxi Heavy Duty Automobile and Shaanxi Commercial Automobile and the commercial automobiles manufactured by them. Our Controlling Shareholders were also the largest customers and suppliers of our Group. We have entered into various transactions with our Controlling Shareholders and/or their associates in the course of our business operations during the Track Record Period. For the years ended 31 December 2019, 2020 and 2021, our revenue from Shaanxi Automobile Holding and/or its associates amounted to approximately RMB688.1 million, RMB873.3 million and RMB688.6 million, respectively, representing 23.8%, 26.8% and 22.0% of our total revenue for the same years. For the years ended 31 December 2019, 2020 and 2021, our purchase of products and services from Shaanxi Automobile Holding and/or its associates amounted to RMB583.5 million, RMB580.1 million and RMB479.2 million, respectively, representing 24.8%, 22.2% and 20.4% of our total purchase for the same years. For further details, please refer to the sections headed "Business — Customers and Sales" and "Business — Suppliers and Purchases" of this document. In addition, for the years ended 31 December 2019, 2020 and 2021, approximately 83.1%, 86.9% and 77.3% of the total revenue of the Group were contributed by Shaanxi Holding Group and Associated Customers, who are customers or suppliers of, or have business relationships with Shaanxi Holding Group, but independent from our Group. For further details, please refer to the section headed "Relationship with Controlling Shareholder — Independence from Our Controlling Shareholders — Industry norm and muntually beneficial and complementary relationship" in this document.

During the course of our operation, we have been receiving loans and guarantees from Shaanxi Automobile Holding and/or its associates. As at 31 December 2021, we had aggregate outstanding loans from Shaanxi Automobile Holding and/or its associates and certain financial indebtedness guaranteed by Shaanxi Automobile Holding and/or its associates (including (i) bank borrowings, (ii) other borrowings from other financial institutions, (iii) asset-backed notes/securities, and (iv) notes payable) of approximately RMB854.0 million and RMB729.2 million, respectively, representing approximately 13.9% and 11.9% of our aggregate financial indebtedness credit amount (including (i) bank borrowings, (ii) loans from related parties, (iii) other borrowings from other financial institutions, (iv) asset-backed notes/securities, and (v) notes payable) of approximately RMB6,132.4 million. Please also refer to the sections headed "Relationship with the Controlling Shareholder — Independence from our Controlling Shareholders — Financial Independence" "Financial Information — Indebtedness" in this document for the historical amounts of the loans and guarantees from Shaanxi Holding Group. As at the Latest Practicable Date, except for loans with two to three years' fixed terms which amounted to approximately RMB848.5 million (which we will repay when such loans become due), the Group has fully repaid the above-mentioned outstanding loans borrowed from Shaanxi Automobile Holding and/or its associates. Shaanxi Automobile Holding and/or its associates will continue to provide loans to our Group after [**REDACTED**] under the Financial Services Framework Agreement. Please refer to the section headed "Connected Transactions — Fully Exempt Continuing Connected Transactions" in this document for further details.

We will continue to be controlled by our Controlling Shareholders after the [**REDACTED**] and will continue to cooperate with them and/or their associates. Our Controlling Shareholders will in aggregate beneficially own approximately [**REDACTED**]% of our Company immediately after the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). In addition, we expect the aforementioned transactions with our Controlling Shareholders and/or their associates to continue. We have entered into various framework agreements with Shaanxi Automobile Holding, which govern the connected transactions between us and Shaanxi Automobile Holding and/or its associates. For details, please refer to the section headed "Connected Transactions" in this document.

We cannot assure you that our Controlling Shareholders and/or their associates will act in the best interest of the Company or the Shareholders should any conflicts arise. In the event that the interests of our Controlling Shareholders and/or their associates conflict with those of our other Shareholders, or if our Controlling Shareholders and/or their associates decide to make us pursue strategies that would conflict with the interests of [**REDACTED**] Shareholders, your [**REDACTED**] interests may be harmed. If they fail to act in the best interest of us, for example, if they fail to continue their cooperation with us or take actions that are detrimental to our interests, we may have to renegotiate the terms and conditions for our cooperation with them or find other business partners as replacements, which may be expensive, time-consuming and even disruptive to our business operations. In light of such close business relationship with our Controlling Shareholders and/or their associates, if we are unable to resolve any such conflicts, if we suffer significant delays or other obstacles as a result of such conflicts or if there is any deterioration in such relationship in the future, there will be a material adverse effect on our business, financial conditions and operating results.

Our historical financial conditions and operating results are not indicative of future performance and implementing our growth strategy may expose us to certain risks and we may not sustain our growth rate.

Our Group's operations have grown rapidly and our revenue and profit in turn have grown accordingly. For the years ended 31 December 2019, 2020 and 2021, our revenue was approximately RMB2,892.0 million, RMB3,261.7 million and RMB3,126.9 million, respectively, representing a CAGR of 4.0%. In addition, our profit increased from RMB241.1 million for the year ended 31 December 2019 to RMB318.0 million for the year ended 31 December 2020, and further to RMB368.7 million for the year ended 31 December 2021, representing a CAGR of 23.7%. However, we cannot assure you that we will be able to grow at the same rate as we did in the past or avoid any decline in the future. Our historical financial conditions and operating results should not be depended on by investors to determine or indicate our future financial and operating performance.

Our historical financial conditions and operating results may not be indicative of our future performance, primarily due to the following:

- We cannot assure you that the development of our business network, risk management capabilities and technological capabilities will be able to fully support our growth in the future.

- The expansion of our business during the Track Record Period was supported by registered capital injected by our shareholders, borrowings from banks and other financial institutions and cash generated from our business operations. As our business grows, the size of our business will also increase. We may not have adequate funding to support our continued expansion. We also may not be able to determine the magnitude of our expansion, manage the growth of our business against our ongoing liquidity needs and maintain the current profitability due to increased funding costs in a timely manner.

- As the industry develops and competition intensifies, we may not be able to adjust our strategies and plans to maintain the same pace of development during the Track Record Period in a timely or efficient manner. Moreover, since the market and the demand in the PRC are ever-changing, we may make changes to our business model, business focus and allocation of business and financial resources as and when such changes are required to maintain our competitiveness in the market. There can be no assurance that our current success in the market will continue in the future or the PRC's macroeconomic situation will remain the same, if not better, in the future.

- We may alter the focus of the different sectors of our businesses and reallocate our resources from time to time to maintain our competitiveness in the ever-changing PRC market.

- We may not be able to hire, train and maintain sufficient qualified personnel, negotiate the terms of new leases for properties in desired locations, obtain applicable licences, permits and approvals for the purpose of our expansion from the relevant PRC government authorities on a timely basis and enter into business cooperation agreements with our partners on a timely basis.

- Other factors beyond our control, including decreasing consumer spendings, contraction of our industry and changes in rules, regulations and government policies affecting our business operations promulgated by the relevant PRC government authorities or general economic conditions.

- Our Group has been actively expanding its third party logistics service and since July 2020, we have been engaging in the Advance Arrangement as part of our business plan. In addition to the provision of logistics services, we source raw materials, match purchasers with suppliers in respect of raw materials and pay for the purchase price of raw materials in advance for certain customers. Our Group is not exposed to any price risks relating to the raw materials (coal and ore) that it purchases on behalf of its customers in the third party logistics services segment. We have recorded a relatively low gross profit margin at approximately 2.1%, 0.1% and 2.6% in this business segment for the years ended 31 December 2019, 2020 and 2021, respectively. The increasing competition in the logistics industry has resulted in lower bargaining power of logistics service providers in their negotiation with the relevant raw material purchasers and/or suppliers which, together with the rising operating costs (such as wages for drivers and prices of oil and natural gas) in providing logistics services, pose pressure on our gross profit margin, according to the Frost & Sullivan Report. Therefore, an increase in revenue contribution from our third party logistics service may adversely affect our Group's overall profitability going forward. As at the Latest Practicable Date, one of our third party logistics services customers with an Advance Arrangement was unable to pay for the outstanding fees to our Group within the credit period granted to such customer. Such Advance Arrangement may thus expose us to heightened credit and solvency risks. For further details, please refer to "Business — Supply Chain Business — Automobile Logistics Service and Third Party Logistics Service" in this document.

There is no guarantee that we will be able to perform as well as we did during the Track Record Period. Nor is there any assurance that the general market circumstances will remain unchanged in the future, that we will be able to operate our business in the manner as we used to, that our success will be continued or that the general economy and the macroeconomic condition of the PRC will not worsen. If any of the foregoing occurs, our business, financial conditions and operating results may be adversely affected. As such, our historical financial conditions and operating results should not be considered to be indicative of our performance in the future and you should consider our business and prospects in light of these risks.

Our business operation will be materially and adversely affected if any force majeure events takes place, such as natural disasters, public health crisis, including the outbreak of COVID-19, acts of God, acts of war or terrorism and civil or social unrest.

Our daily business, financial conditions and operating results will be materially and adversely affected if any event that is beyond our control and which will negatively affect the economy, infrastructure, business continuity, livelihood of the people of the region takes place. For example, if there is any significant disruption in traffic due to severe congestions, weather conditions, flash floods or breakdown in major road infrastructure in the areas in which we operate, our logistics and supply chain services, which entail the transportation of components, commercial automobiles and other goods, may be disrupted. Such disruption may adversely affect the quality of our business offerings and may lead to a reduction in and/or delay of our business offerings. Examples of other types of natural disasters that the regions that we operate in may be subject to are earthquakes, flooding, typhoon, sandstorm, snowstorm, drought, fire, power suspension, shortage or failure, epidemics, pandemics, other public health crisis, acts of god, acts of war or terrorism and civil or social unrest. If the natural disaster is serious, it may lead to deaths, personal injuries, loss of assets and disruptions to business activities and operation.

In addition, any future outbreaks of epidemics and contagious diseases, including COVID-19, avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus or H1N1 influenza or Ebola virus, may materially and adversely affect our business, financial conditions and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may, in turn, materially and adversely affect our business. In 2020, serious outbreaks of highly transmissible diseases of COVID-19 in the PRC and around the globe led to a regional and international public health crisis and, as a result, the financial markets and the regional and international economy in general were affected in a material and adverse manner. The outbreak of the infectious global COVID-19 pandemic has continued to spread globally. The majority of countries including the PRC have imposed strict travel restrictions and controls such as restrictions over movement of people in and out of the borders, travel bans, mandatory or voluntary quarantine, compulsory containment requirements, lockdown and stay-at-home orders and restrictions on gathering and travels to combat the transmission of COVID-19. These strict regulations led to a significant decrease in localised and nationwide commercial activities and business transactions and in our customers' ability to manage their credit risks and liquidity risks, especially in the industry that we operate in.

Since the COVID-19 outbreak on or around January 2020, our Directors have closely monitored the latest development of the COVID-19 and assessed our exposure to the risks and uncertainties brought about by the pandemic. Based on the current available information, our Directors had carried out holistic reviews of the impacts of the COVID-19 on our business operations. Due to the weaker capital strength and risk resilience, certain participants of the commercial automobile industry chain were generally more vulnerable during the COVID-19 outbreak. As such, our business sectors which mainly provided value-added services to (i) individual commercial automobile end-users, and (ii) micro, small and medium enterprises, were more likely to be subject to material and adverse impacts at the early stage of the COVID-19 outbreak. In particular:

- **Automobile sales business** – there was a material and adverse impact on the financial markets and the overall global economy brought by the COVID-19, which caused a general fall in consumer confidence and adversely impacted consumer consumption. Our automobile sales business was adversely impacted and the actual sales volume experienced a slight decrease in the first quarter of 2020 compared with our projected sales volume for the same period.

- **Automobile logistics service and third party logistics service under supply chain business** – due to the decrease of our automobile sales business, our automobile logistics service also experienced a corresponding decrease during the relevant period. In addition, due to the COVID-19, (i) there was a decline in labour supply resulting from lockdown of cities and quarantine policies that limit the flow of labour force, and (ii) there was a decrease in demand for supply chain services as the manufacturing enterprises had to close down their factories. As a result, our third party logistics service under supply chain business had also decreased in general in the first quarter of 2020.

- **Financial leasing business** – there is high degree of synergy between our automobile sales business and financial leasing business. Please refer to the section headed "Business – Logistics and Supply Chain Service Sector – Automobile Sales Business – Financial Leasing Service and Automobile Sales Business" in this document for details. As substantially all the customers of our financial leasing business are individuals, our financial leasing business was adversely impacted in the first quarter of 2020 due to the weaker spending power and risk resilience of such customers.

We have plans to continuously monitor the development of the pandemic and any measures put in place by the PRC Government and to proactively analyse and react to any unfavourable impact to our business, relationships with our customers, financial situation and condition as well as operation results.

We cannot predict whether or when the outbreak of COVID-19 will be effectively managed and controlled. Also, we cannot foresee the length and severity of the impact of COVID-19. Even though the PRC has controlled the pandemic in a relatively more effective manner than a number of other countries around the globe, there is no assurance that other waves of outbreak will not take place in the future. If the outbreak cannot be effectively managed and controlled in a timely manner, the sentiment and outlook in the market will worsen and the regional and international economy may go into recession.

All of the above events and any other events out of our control will affect the business environment and the market in general, lead to unpredictability and unforeseeable risks in the regions that we operate in and lead to disruptions to our business in an unpredictable manner, As a result, our financial conditions and credit and solvency risk may be affected in a materially adverse manner.

We are subject to regulations applicable to the logistics and supply chain service business.

The logistics and supply chain service industry is a regulated industry and we are required to comply with the applicable laws, rules and regulations governing this industry. At the same time, we also need to obtain various licences, permits and approvals for the operation of our nationwide logistics and supply chain service network, which are subject to renewal. In the event that there are changes to the regulations or we fail to renew or obtain the relevant licences, permits and approvals, we may not be able to subcontract the relevant logistics and supply chain services in a timely manner or on reasonable commercial terms. There is also no assurance that the logistics and supply chain service providers will at all times perform at a satisfactory level. Therefore, our business, financial conditions and operating results may be materially and adversely affected by such events.

The sales levels of the commercial automobiles as reported by our commercial automobile sales dealers may not be indicative of the actual commercial automobile sales situation. We also rely on our commercial automobile sales dealers for our commercial automobile sales business and if their performance is not well, our business, financial conditions and operating results could be materially and adversely affected.

Under the commercial automobile dealership framework agreements that we entered into with our commercial automobile sales dealers to authorise them to sell the relevant commercial automobiles, the commercial automobile sales dealers (i) are subject to an annual target sales volume that they have committed to and we are entitled to cancel the commercial automobile dealership in selling the commercial automobiles and terminate the agreements immediately if they are unable to achieve certain targets at certain time of the year, and (ii) are not subject to terms that restrict the appointment of sub-dealers by the commercial automobile sales dealers. Therefore, the sales levels of the commercial automobiles as reported by the commercial automobile sales dealers may not accurately reflect the actual amount sold to the end-customers or the actual demand of the market because the commercial automobile which was recorded by a commercial automobile sales dealer as sold may be sold to its sub-dealer in order to achieve the annual target sales volume and the relevant commercial automobile continues to remain in the commercial automobile sales dealer's distribution network. For details of the commercial automobile dealership framework agreements, please refer to the section headed "Business — Logistics and Supply Chain Service Sector — Automobile Sales Business" in this document.

Additionally, we rely on our commercial automobile sales dealers and their respective commercial automobile dealership networks to sell the commercial automobile. As a result, our automobile sales performance depends on the quality and stability of the commercial automobile dealership services provided by these dealers. There is no guarantee that the commercial automobile sales dealers and the other parties in their respective commercial automobile dealership networks will be able to act in accordance with our business plan, the annual target sales volume committed by the commercial automobile sales dealers and the obligations that they are contractually required to abide by as set out in the relevant commercial automobile dealership framework agreements. Also, there is no assurance that the dealers and other parties in their respective commercial automobile dealership networks will be able to provide their services in a consistent and efficient manner and maintain their current level of sales performance. Their delivery of service and their sales performance may be affected by factors such as the decrease in market coverage caused by the inability to build and maintain well-developed commercial automobile dealership networks and the failure to manage their current commercial automobile dealership networks effectively. Therefore, the market coverage of the commercial automobile dealership networks that we have access to and our level of sales may decrease. As a result, our business, financial conditions and operating results could be materially and adversely affected.

Commercial automobile recalls and other similar issues could materially and adversely affect our business.

Certain models of commercial automobiles may be recalled due to product defects and other problems from time to time. These events can negatively influence customer demand. For instance, commercial automobile recalls may have a material adverse effect on customers' confidence in the quality and safety of the affected commercial automobile brands and the reputation and image of the relevant commercial automobile manufacturers, which could in turn reduce demand for particular commercial automobile brands or models. This in turn may affect affects the volume of automobile sales business and financial leasing business that we process and may materially and adversely affect our business, financial conditions and operating results.

We engage and/or cooperate with certain third party suppliers to supply relevant products that we provide to our customers. If there is any substandard, delayed or lack of performance by the third parties of their obligations, our business will be materially and adversely affected.

We engage and/or cooperate with certain third party suppliers to supply relevant products that we provide to our customers. For instance, suppliers are involved in our automobile sales business, our aftermarket product business and our IoV and data service business. For the years ended 31 December 2019, 2020 and 2021, purchases from our top five suppliers accounted for approximately 40.7%, 40.7% and 37.1% of our total purchase, respectively.

Even though we have adopted active measures to select and monitor our third party suppliers to ensure the quality of their products, the engagement and/or cooperation of such third party suppliers may still lead to risk exposures in relation to the substandard or delayed or lack of performance of those third parties of their obligations. Therefore, if our relationship with our suppliers are to deteriorate or the products provided by our suppliers cannot meet our expected standard and we are unable to find alternative suppliers on a timely basis, we may be forced to delay the delivery of our product or we will not be able to deliver any of our products at all, experience a deterioration of the quality of the products we provide, bear unnecessary and extra costs, or be subject to claims of losses and damages. As a result, our business, financial conditions and operating results, or even reputation and goodwill will experience materially adverse effects and we may be subject to threatened or actual litigations or other forms of dispute resolutions.

If the commercial automobile sales dealers we rely on to generate financial leasing business fail to perform well, there will be a knock-on impact on our financial leasing service.

We provide financial leasing service for different types of commercial automobiles and the volume of our financial leasing business is impacted by the market coverage of our commercial automobile sales dealers. There is no assurance that the Company will be able to maintain a good business relationship with its commercial automobile sales dealers. If the Company fails to do so, the commercial automobile sales dealers may choose to refer business to the competitors of the Company. Even if the commercial automobile sales dealers choose to refer business to the Company, there is no assurance that the customers will favour the Company over its competitors. Also, we cannot assure you that our commercial automobile sales dealers will continue to perform and maintain their current level of business operations. Any significant decrease in the business performance of these commercial automobile sales dealers could have a material and adverse effect on our business, financial conditions and operating results. The business operations of these commercial automobile sales dealers are generally affected by a variety of factors including, among others,:

- the macroeconomic conditions in China;
- changes in the regulatory environment of the commercial automobile dealership industry in China;
- consumer demands and preferences;
- brand image and reputation;
- product quality, variety and pricing;
- quality of post-sales service; and
- relationship with commercial automobile manufacturers.

The aforementioned factors might be outside our commercial automobile sales dealers' control. If the financial conditions and operating results of commercial automobile sales dealers deteriorate, our business, financial conditions and operating results could be materially and adversely affected.

We may incur potential liabilities from our customers' use of commercial automobiles that are under financial leasing arrangements with us.

As our financial leasing business is conducted in the PRC, the Civil Code of the PRC (Part VII Liability for Tort)* (《中華人民共和國民法典(第七編侵權責任)》) (Zhu Xi Ling No. 45), which came into effect on 1 January 2021, will govern any potential liabilities arising from the customers' use of commercial automobiles that are under financial leasing arrangements with us. The aforementioned Civil Code of the PRC (Part VII Liability for Tort) provides that the liability of any traffic accident will be covered by the compulsory traffic accident liability insurance when a leased commercial automobile is involved in a road accident. Subsequently, any uncovered liability will fall on the person driving the commercial automobile at the time of the accident, unless the legal and registered owner of the commercial automobile has a part to play in the accident and was at fault in his actions. As we enter into financial leasing arrangements in respect of commercial automobiles that we legally own on a regular basis, it is likely that we might be joined as a party in a dispute resolution mechanism if (i) our customer is involved in a road accident when operating our commercial automobiles, (ii) the potential liability cannot be fully covered by the compulsory traffic liability insurance, and (iii) we, as the legal owner of the commercial automobile, are at fault in our actions and have a part to play in the accident. As such, our business, financial conditions and operating results could be materially and adversely affected.

The financial leasing arrangements that we make may potentially have a mismatch in their duration and terms with their underlying funding sources, which may lead to liquidity issues.

The financial leasing arrangements that we make typically have a term of two to three years while our borrowings from banks typically have a maturity period of one year to two years. Although we keep monitoring the duration mismatch in order to match the maturity date of our borrowings from banks and the financial leasing repayment schedule of our customers, we cannot guarantee that we will be able to maintain our liquidity at a sufficient level when our borrowings from banks are due, or at all. Should we become delinquent on any of our borrowings, we may be required to incur additional costs under our financing arrangement, the banks may declare the borrowings from banks to be immediately due and payable if any cross-default provisions are triggered and our relationships with our financing partners may be negatively affected, which will in turn limit our ability to maintain sufficient liquidity or increase our financing costs going forward. In addition, although we have in place liquidity risk management measures to manage any potential liquidity mismatch, we cannot guarantee that such measures will be timely implemented or effective at all. For details, please refer to the section headed "Business — Risk Management — Financial Risk Management — Liquidity Risk Management" in this document. As such, any failure to adequately address the risks associated with such duration mismatch, or any failure of our liquidity risk management measure, could materially and adversely affect our business, financial conditions and operating results.

Our financial leasing business and factoring business may be negatively affected if we are unable to effectively manage and reduce the credit and solvency risks associated with our business and operations and to monitor and maintain the quality of our financial leasing and factoring assets adequately.

Our financial leasing business and factoring business may expose us to credit and solvency risks. For instance, our financial leasing business requires us to operate on the presumption that our customers would repay the net financing amount as well as the interest due in full by the end of the financing period. However, some customers may default in their payment obligations, thus exposing us to higher credit and solvency risks. In addition, the value of collaterals and guarantees provided by or for our customers under our financial leasing and factoring businesses may not be sufficient or fully realisable. During the Track Record Period, some of our financial leases were not backed by any security collateral or guarantee because, whilst we have executed agreements with our customers in respect of the transfer of ownership of all the leased commercial automobiles, such rights on the leased commercial automobiles were not all registered because of the differentiated registration standards implemented by certain local authorities in various cities in the PRC (including those in Xinjiang and Tibet) that do not practically allow registration of relevant rights by financial leasing companies. For further details, please refer to the section headed "Business — Supply Chain Financial Service Sector — Financial Leasing Business — Lease Portfolio" in this Document. Whether or not our business remain sustainable are mainly reliant on the management and reduction of the credit and solvency risks in a sufficient and effective manner as well as monitoring and maintaining the quality of our portfolio of assets and the collectability of our accounts receivable adequately.

Our customers' ability to make full and timely payment is influenced by a wide array of factors, such as the time required for them to go through their internal authorisation and approval processes, their ability to operate their businesses according to their respective business plans and the economic conditions of their respective industries, which in turn is also affected by a broad range of factors, such as inflation, prices of commodities (such as oil and natural gas), economic recession, alteration in governmental policies, shift in the structure and organisation of their respective industry. Such factors cannot be controlled by us and in the event that our customers cannot make repayment when due, we will be exposed to higher credit and solvency risks. We would have to implement several measures in response to the customers' payment defaults, such as (i) making specific provisions for impairment, treating certain receivables as bad debt and writing them off and/or (ii) incurring extra legal costs to recover the outstanding amounts due by way of enforcement of securities and collaterals available to us. Such measures may adversely affect our financial performance and operation as a whole.

We may not provide adequate impairment under our financial leasing business and factoring business. Our net impairment losses on financial assets amounted to RMB24.6 million, RMB101.9 million and RMB146.2 million, respectively, in 2019, 2020 and 2021. The amount of provisioning is based on our management's assessment of, and expectations concerning various factors affecting the quality of our financial asset portfolio, such as the customers' financial condition and repayment ability, the anticipated realisable value of any collateral, government policies, interest rates and other factors, and the applicable PRC rules and regulations. If our assessment and expectations differ from actual events, or if the quality of our financial asset portfolios deteriorates, our provisions or allowance may not be adequate to cover our actual losses and we may need to set aside additional impairment provisions, which could materially and adversely affect our business, financial conditions and operating results.

In addition, the advances we make to our clients of our financial leasing service and factoring service are required to be backed by sufficient collaterals and guarantees. While we have internal policies and procedures designed to minimise the risk associated with insufficient collaterals and guarantees, as the scale of our business continues to grow, we may take higher credit risk and hence suffer larger potential loss should we fail to identify and manage the risks effectively. In particular, in the event that we enforce our rights to liquidate the collateral, the market price of collaterals held by us might have decreased so significantly that the amount of money we can recover from liquidating the relevant collaterals is less than the amount of advancement we made to the relevant client, or such collaterals may become illiquid. Also, our ability to sell assets to minimise our loss may be further impaired if other market participants are seeking to sell similar assets at the same time, which is likely to occur in a liquidity stress or other market crisis. As such, we will be exposed to significant loss if we fail to liquidate the collaterals provided by our customers in a timely manner.

Further, if we are not able to maintain the quality of the asset portfolio of our financial leasing business and factoring business at an ideal level, our business, financial conditions and operating results may be negatively affected. No assurances can be given (i) that we can effectively maintain and control the levels of non-performing assets in our two sectors of business, which may fluctuate depending on our performance and strategy in those two sectors, (ii) that we can evaluate and monitor our credit and solvency risks properly and accurately at all times, (iii) that managing and reducing credit and solvency risks through the credit analysis procedures and risk management system employed by us are sufficient and effective to manage our portfolio of assets, in particular the financial leasing receivables and the impaired factoring account receivables, at all times, and (iv) that the quality of the asset portfolio will not be affected by a recession in the economy regionally or globally, an impending global financial crisis or an unfavourable shift in the macroeconomic policies in the PRC or internationally. If the risk management systems of our financial leasing business and factoring business are insufficient or there is a considerable increase in our credit and solvency risk as caused by our inability to maintain the level of quality of our asset portfolio, our business, financial conditions and operating results may be negatively affected.

Our financial leasing business and factoring business are subject to the rules, regulations and laws that are specific to the financial leasing and factoring industries in the PRC, which may be altered, changed or amended from time to time.

Our financial leasing business and factoring business are subject to the rules, regulations and laws that are specific to the financial leasing and factoring industries in the PRC. For details of the relevant rules, regulations and laws, please refer to the section headed "Regulatory Overview — Regulations Regarding the Supply Chain Financial Service" in this document. The rules, regulations and laws that are specific to the financial leasing and factoring industry in the PRC are continuously being developed and the PRC Government may enact new rules, regulations and laws in the future, resulting in uncertainties and unpredictability. There is no assurance that our financial leasing service and factoring service will not be regarded as in contravention of any of the future rules, regulations and laws that may be enacted by the PRC Government. If any rules, regulations and laws specific to the PRC financial leasing and factoring industry are altered, changed or amended or if more stringent rules, regulations and laws are enacted, we may not be able to respond to and adapt to such changes in a timely manner or at all.

Moreover, the PRC Government may alter, change or amend the prevailing rules, regulations and laws that are specific to the financial leasing and factoring industries in the PRC to require extra licences, permits or approvals in order to operate financial leasing business and factoring business in the PRC or to attach stricter conditions for the grant, maintenance and renewal of the licences, permits or approvals required to provide financial leasing service and factoring service. We cannot foresee if the application or renewal process of the necessary licences, permits or approvals will be affected or prolonged by legal issues, oppositions, appeals or any other complications. Additionally, in the case that we are unable to fulfil the requirements or observe the restrictions set out in the licences, permits or approvals or the restrictions imposed by any authority with competent jurisdiction, we may face penalties, fines, sanctions, restrictions, additional costs, the revocation or refusal to renew such permissions, permits, approvals, certificates or licences or other punitive actions. If (i) penalties, fines and additional costs beyond our financial abilities are imposed, (ii) a licence, permit or approval vital to the operation of our financial leasing business and factoring business is revoked, (iii) unrealistic or unworkable conditions are imposed on the renewal of such licences, permits or approvals, (iv) we are no longer able to maintain such licences, permits or approvals, or (v) our application to renew such licences, permits or approvals are refused, our business, financial conditions and operating results will be impacted in a materially adverse manner.

Changes in the benchmark interest rates set by the PBOC and the interest rates in the market may materially and adversely affect on our financial leasing business and the factoring business.

Our financial leasing business and factoring business are influenced by the adjustments of the benchmark interest rates set by the PBOC and the fluctuations of the interest rates in the market.

In recent years, the PBOC has adjusted the benchmark interest rates several times, including a series of increases in 2006 and 2011 to curb inflation and cool down the PRC economy and a series of reductions from 2015 to 2016 in response to the global economic downturn and from 2020 to 2021 in response to COVID-19. Adjustments by the PBOC to the benchmark interest rates on deposits may negatively affect our business, financial conditions and operating results. For example, changes in the PBOC benchmark interest rates could affect the average yield on our interest-earning assets and the average cost on our interest-bearing liabilities differently, and may narrow our net interest spread, leading to a reduction in our net interest income.

Additionally, if the interest rates in the market, for example the interest rates that we are subject to when we borrow and/or the interest rates that our customers are subject to, surge or if there is a general sentiment in the market that the interest rates in the market may surge, we may not be able to secure financings at a favourable interest rate, utilise the full potential of our interest-bearing assets, increase our interest income and continue to develop our business, particularly if we fail to shift the increased cost to our customers in a timely manner. Increases in interest rates in the market could result in increased financing costs, decrease in the overall demand for our services and increased risks of default. As the PRC derivatives market has yet to be fully developed, we have limited risk management tools available for us to hedge such risks. Failure to frequently review and make appropriate adjustments to those interest rates will result in a decrease of our net interest spread and net interest margin, which may have a materially negative impact on our business, financial conditions and operating results.

Moreover, upon [**REDACTED**], subject to compliance with applicable rules and regulations, we may not rely on financing from our Controlling Shareholders. Therefore, we will have to depend on funding from third party banks and other financial institutions. Our costs to obtain adequate financing to fund our daily operations or expansion of business will increase, which will in turn affect our business, financial conditions and operating results in a materially adverse manner.

There is no assurance that our products, software systems and information technology infrastructure in our IoV and data service business will be able to be conducted without any technological difficulties or disruptions.

The success and continuous operation of our IoV and data service business is heavily reliant on the precision and reliability of our products and software systems that we provide to our customers and the stability of our information technology infrastructure to store, manage, process and analyse a large amount of incoming data. For details of our research and development, please refer to the section headed "Business — IoV and Data Service Sector — Research and Development Capabilities" in this document. At the same time, our own financial leasing business also relies on our IoV technologies to monitor the usage and performance of the commercial automobiles that are subject to financial leasing arrangements. The effective functioning and stable performance of our underlying products, software systems and information technology infrastructure are vital to our operations, business image, reputation and competitiveness. Nevertheless, there is no assurance that our operations will not be disrupted by any technological errors or be affected by factors beyond our control such as natural disasters, fire, power shortage or suspension, defective software, computer viruses and malware, security breaches or unauthorised access. If there is any material disruption to our products, software systems and information technology infrastructure, our business, financial conditions and operating results will be significantly undermined.

We may not be able to safeguard our intellectual property rights, in particular the IoV and data service business.

The success of our business, in particular our IoV and data service business, heavily depend on our ability to safeguard our intellectual property rights such as copyrights and patents as the operation of such business relies on a series of technologies, systems, software and hardware that are protected by those intellectual property rights. Such intellectual property rights are also vital to maintaining our competitive edge in the market and maintaining our goodwill, reputation and brand image.

However, other market players or third parties may own conflicting intellectual property rights and interests and may challenge the validity of our intellectual property rights. As the majority of our intellectual property rights are obtained in the PRC, we will likely have to defend our rights under PRC law if any challenge or conflict arises. Under PRC intellectual property law, defending the validity of rights is often a costly, complex and prolonged practice. Additionally, if any party initiated a claim of infringement or invalidation against any of our intellectual property rights which may render our rights non-utilisable, we will have to allocate and spend a substantial amount of resources to rebuild and redevelop new business offerings that do not infringe on any intellectual property rights of third parties or to secure licence arrangement with the holders of the relevant intellectual property rights to continue to fulfil our existing obligations under our agreements with our customers.

Moreover, enforcing our rights against unlicensed and unauthorised exploitation of intellectual property rights involves a significant amount of financial resources and may prove to be an onerous and complicated process. We may have to commence legal proceedings as a last resort in order to defend our rights or to obtain a judgement on the validity, enforceability and scope of our rights. If we commence legal proceedings or if such proceedings yield unfavourable results, a significant amount of financial and other resources would have to be dedicated to such proceedings, potentially causing fewer resources to be allocated to implementing our business plans and harming our competitive edge in the market and business prospects. Any dispute resolution procedure in relation to intellectual property rights may affect our normal course of business, take up a significant portion of our management team's time and attention as well as deplete our financial resources. As a result, our business, financial conditions and operating results will experience materially adverse effects.

We may not be able to keep abreast with the latest development and advancement of technology, which may materially and adversely impact the IoV and data service business.

Our IoV and data service business is affected by technological advancement which is evolving rapidly. We may not be able to keep abreast to such changes and update our technology on a timely basis. Examples of such factors include customer needs and demands, technology and software, benchmarks that we are constantly being measured against, and novel business offerings being developed and entering the market. If innovative and imaginative novel technology is introduced to the market and if the market benchmark is redefined and established, our existing business offerings may become outdated and fall into disuse, which will reduce our competitiveness. Therefore, whether or not we will be able to maintain our success is reliant on our research and development efforts and obtaining sufficient capital to fund such efforts. If we cannot keep up with and adapt to the changes in the market and support the growth of our business, in particular the IoV and data service business, by developing and improving our technology, designing and developing new intellectual property rights and building on our expertise, our business as a whole will suffer and maybe materially and adversely affected.

There is no guarantee that we will be able to adapt to the technological advancement in a timely, cost-conscious and appropriate manner. Failure to do so will have a negative effect on our business, financial conditions and operating results.

We may be subject to liquidity risk associated with our failure to perform and honour our contractual obligations in respect of our contract liabilities or the unpredictable changes in the legal and regulatory framework.

We enter into various contracts with our customers and suppliers as part of our business. In the event that we fail to fulfill our contractual obligations under the agreements, such as failure to provide the business offerings to our customers or make timely payment to our suppliers pursuant to the terms set out in the relevant agreements, the working capital required to maintain our business operations will be affected. As at 31 December 2019, 2020 and 2021, the contract liabilities amounted to RMB97.4 million, RMB141.3 million and RMB156.3 million, respectively, which represented advance payments from customers for goods or services that we have not yet delivered to such customers. If we fail to perform in relation to the aforementioned contract liabilities, we will be required to refund the deposits and/or service fees prepaid by our customers without incurring further obligations. In addition, we may face liquidity risk caused by the unpredictable changes in the legal and regulatory framework. For example, due to the promulgation of new PRC rules and regulations, we may be required to maintain additional liquidity ratios. We cannot assure you that we will always be able to maintain such additional liquidity ratios in a timely manner or at all. The occurrence of any non-compliance in relation to these new liquidity ratios may materially and adversely affect our business, financial conditions and operating results.

Our business, financial conditions and operating results depend on our ability to manage our inventories effectively.

Our business and financial performance depend on our ability to maintain a reasonable level of inventories, which include (i) commercial automobiles, (ii) intelligent IoV terminal products, and (iii) components, including tyres and lubricant, in order to respond to customer demands in a timely manner and maintain a diverse range of products. We aim to manage our inventories efficiently, as slow-moving inventories would result in capital constraint and reduce our liquidity, increase our overall operating costs and reduce our profit margins. However, we may not be able to maintain an adequate level of inventories to satisfy our customers' needs from time to time as our business is subject to certain factors which are out of our control. In particular, as at the Latest Practicable Date, RMB46.3 million or 25.2% of our inventories as at 31 December 2021 had been subsequently utilised. For further details, please refer to the section headed "Financial Information — Liquidity and Capital Resources — Inventories" of this document. In future, if we overstock inventory, we may be required to increase our working capital and incur additional financing and labour costs. If we understock inventory, we may not be able to satisfy the demands of our customers in a timely matter, which may in turn cause us to lose the opportunity to capture more revenue or market share and adversely affect our business, financial conditions and operating results.

Certain of our business sectors are subject to seasonal fluctuations and unexpected interruptions.

Certain of our business sectors are subject to seasonal fluctuations. For instance, the number and amount of financial leasing business tend to decline during the third quarter of the year, which is in line with the pattern of commercial automobile sales, in particular the heavy commercial automobile sales, in China. However, changes in some of our expenses do not necessarily correspond with such fluctuations. For example, we spend on marketing activities, staff recruitment and training and product development throughout the year, and we pay rent for our facilities based on the terms of the lease agreements. We expect to continue to experience seasonal fluctuations in our operating results. These fluctuations could result in trading volatility and affect the share price. Therefore, our interim financial reports may not be indicative of our performance in any given financial year. For details of the seasonal fluctuations that we are subject to, please refer to the section headed "Business — Supply Chain Financial Service Sector — Financial Leasing Business — Pricing Policy" in this document.

Our net cash outflow from operating activities may affect our liquidity.

For the years ended 31 December 2020 and 2021, our Group recorded net cash outflow from operating activities in the sum of RMB705.9 million and RMB470.8 million, respectively. For details, please refer to "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis — Net Cash Used In/Generated From Operating Activities" in this document. We cannot assure you that we will not experience any period of net cash outflow from operating activities in the future. Our liquidity in the future will to an extent depend on our ability to maintain adequate cash inflows from operating activities and our ability to monitor and control the liquidity mismatch. For details, please refer to the paragraph headed "— The financial leasing arrangements that we make may potentially have a mismatch in their duration and terms with their underlying funding sources, which may lead to liquidity issues" in this section. Should there be any significant deterioration in the cash inflows from operating activities or if we are not able to timely control the liquidity mismatch, our liquidity and cash flows from operating activities could be materially and adversely affected.

We may face cash flow mismatch and/or default which could affect our business, financial conditions and operating results.

Due to the rapid development of the Group's third party logistic services, we experienced a significant increase in advances from 2020 to 2021, which primarily resulted from, among others, the requirement to pay for raw materials, including coal and ore, in advance to the relevant suppliers of our customers on behalf of our customers. As advised by Frost & Sullivan, our industry consultant, the aforementioned arrangement is in line with industry practice. For further details of our advances for raw material purchase price on behalf of customers during the Track Record Period, please refer to the section headed "Financial Information — Liquidity and Capital Resources — Other Receivables" of this document. If our third party logistics services continue to grow and we are obliged to pay for a large number of raw materials in advance to the relevant suppliers of our customers on behalf of our customers at a particular period of time, we cannot assure you that we can maintain sufficient cash flows and we may not have sufficient and timely cash inflow to cover. If there is a material mismatch in time between our payment for raw materials and our receipt of payment from our customers and we fail to manage the fluctuations of our cash flows, or if there is a material payment default by our customers in relation to the raw materials that we have paid for, our business, financial conditions and operating results could be materially and adversely affected.

There is no guarantee that we will receive any government subsidies in the future and certain of our preferential tax treatments are non-recurring in nature.

During the Track Record Period, we received government subsidies for our general operation and research and development activities, which amounted to approximately RMB21.3 million, RMB26.2 million and RMB45.0 million, respectively. The amount of government subsidies we recognise in future may be less than what we had received during the Track Record Period, which may affect our profitability. In addition, government policies are subject to change from time to time. There is no guarantee that we will recognise any government subsidies at all in future and the decrease in government subsidies that we recognise may materially and adversely affect our business, financial conditions and operating results.

In addition, during the Track Record Period, we benefited from a series of preferential tax treatments, which contributed to our results of operations. For details, please refer to the section headed "Financial Information — Significant Factors Affecting Our Results of Operations — Preferential Tax Treatment and Government Subsidy" in this document. However, as certain of our preferential tax treatments are non-recurring in nature, we cannot assure you that we will continue to receive similar preferential tax treatments in the future, in particular that the relevant government policies may change over time. Any loss or reduction in preferential tax treatments could have an adverse effect on our business, financial conditions and operating results.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial conditions in the future.

As at 31 December 2019, 2020 and 2021, our deferred income tax assets amounted to approximately RMB63.0 million, RMB86.9 million and RMB135.7 million, respectively. For details of the movements of our deferred income tax assets during the Track Record Period, please refer to "Appendix I — Accountant's Report — II Notes to the Financial Information — 16. Deferred Income Tax Assets" in this document. Deferred tax assets are recognised where (i) it is probable that future taxable profit will be available; and (ii) the deductible temporary differences can be utilised. This requires significant judgements on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be received. In this context, we cannot guarantee the recoverability or predict the movement of our deferred tax assets, and to what extent they may affect our financial conditions in the future.

We might be exposed to fair value changes for financial assets at fair value through other comprehensive income, in particular arising from the use of unobservable inputs, which can impact our business, financial conditions and operating results.

As at 31 December 2019, 2020 and 2021, our financial assets at fair value through other comprehensive income amounted to approximately RMB274.3 million, RMB520.3 million and RMB367.0 million, respectively, which mainly included notes receivables. For further details of our financial assets at fair value through other comprehensive income, please refer to "Appendix I — Accountant's Report — II Notes to the Financial Information — 22. Financial Assets at Fair Value through Other Comprehensive Income" in this document. As at 31 December 2019 and 2020 and 2021, the impact of expected loss of fair value through other comprehensive income was assessed to be insignificant. However, we cannot assure you that we will not incur any substantive fair value losses in the future. In particular, we may face the valuation uncertainty of financial assets at fair value through other comprehensive income arising from the use of unobservable inputs. If we encounter such valuation uncertainty and/or incur such substantive fair value losses, our business, financial conditions and operating results could be adversely affected.

There is no guarantee that our asset-backed notes/securities will not experience significant changes.

The amount of our asset-backed notes/securities changed during the Track Record Period. For further details, please refer to the section headed "Financial Information — Indebtedness — Borrowings, Asset-Backed Notes/Securities and Notes Payable" in this document. There is no assurance that our asset-backed notes/securities will not experience further significant changes or fluctuations which might cause net current liabilities or net liabilities in the future. If so, we may not have sufficient working capital to meet our current liabilities or expand our business operations as anticipated. In such circumstances, our liquidity, business, financial conditions and operating results may be materially and adversely affected.

If we are unable to effectively mitigate the credit risks and maintain our asset quality, our business, financial conditions and operating results may be materially and adversely affected.

The sustainability of our business development depends largely on our ability to effectively manage our credit risk and maintain the quality of our portfolio of trade receivables and loan receivables. As at 31 December 2019, 2020 and 2021, our trade receivables were RMB476.5 million, RMB494.2 million and RMB467.5 million, respectively, and our loan receivables were RMB6,573.3 million, RMB9,229.3 million and RMB8,184.8 million, respectively. Any deterioration in our asset quality could have a material adverse effect on our business, financial conditions and operating results. The quality of our accounts receivable portfolio may deteriorate for a variety of reasons, including factors beyond our control, such as a slowdown of PRC or global economy, a recurrence of a global financial crisis or other adverse macroeconomic trends that may cause operational, financial and liquidity difficulties for our customers. If the level of our impaired accounts receivables increases in the future, our business growth prospects may be materially and adversely affected.

No assurances can be given that we will be able to maintain the maturity profile of our financial assets and liabilities when the size and scope of such assets and liabilities continue to increase.

As a general practice, we aim to structure our financial assets and financial liabilities so that their maturity profiles correspond and match up with one another in the long run. As at 31 December 2019, 2020 and 2021, our loan receivables were RMB6,573.3 million, RMB9,229.3 million and RMB8,184.8 million, respectively, and our trade receivables were RMB476.5 million, RMB494.2 million and RMB467.5 million, respectively. As at 31 December 2019, 2020 and 2021, our total financial indebtedness, mainly including (i) bank borrowings, (ii) loans from related parties, (iii) asset-backed notes/securities, (iv) other borrowings obtained from other financing institutions, and (v) notes payable, was RMB5,724.4 million, RMB7,338.5 million and RMB6,132.4 million, respectively.

Even if we have no net liquidity shortfall during the Track Record Period, no assurances can be given that there will not be any net liquidity shortfall in the future or that our creditor banks will not accelerate our indebtedness owed to them and require instantaneous payment of the outstanding amounts. In particular, we cannot assure you that the Company will continue to secure loans from related parties at the interest rate lower than the market average. If that is the case, our capability to pay our liabilities and borrowings as and when they fall due will be affected, so will the likelihood of securing extra financing. As a result, our business, financial conditions and operating results may be materially and negatively affected.

We may need to secure additional loans from our related parties at lower interest rate to fund our business operations, and if we are unable to obtain such financing, our business, financial conditions and operating results may be materially and negatively affected.

During the Track Record Period, we funded our business operations partly using loans from our related parties. In particular, the operation of our supply chain finance sector is capital intensive and we depend heavily on external financing, including loans from our related parties, for a significant portion of our capital needs. As at 31 December 2019, 2020 and 2021, our loans from related parties were approximately RMB1,130.0 million, RMB3,925.0 million and RMB854.0 million, respectively. In addition, the loan from related parties was provided under the "unified borrowing and repaying" model where the interest rate of our loan from related parties was the same as that of the loan the related parties obtained from external financing parties. As at 31 December 2019, 2020 and 2021, the weighted average effective interest rate of our loan from related parties were 4.78%, 3.78% and 3.40%, respectively, which was generally lower than those for the bank borrowings as at the same time. For further details, please refer to the section headed "Financial Information — Indebtedness" in this document.

We cannot assure you that we can continue to secure loans from our related parties, and there is no assurance that the interest rates for such loans will be lower than those of the bank borrowings at the same time. Adequate additional financing may not be available to us on acceptable terms and our inability to obtain such financing could seriously harm our business operations. If we are unable to raise capital or on attractive terms to us, or at interest rate acceptable, or at all, our business, financial conditions and operating results may be materially and negatively affected.

We may not be able to obtain adequate financing on acceptable terms.

Our liquidity depends on many factors, including the sufficiency of our working capital, our results of operations and our ability to raise capital cost-efficiently. During the Track Record Period, we relied on registered capital injected by our shareholders, borrowings from banks and other financial institutions and cash generated from our business operations for our capital requirements. In addition, we incur significant capital expenditures to operate our business. Our capital expenditures, mainly including (i) property, plant and equipment, (ii) intangible assets, and (iii) right-of-use assets, were approximately RMB37.5 million, RMB44.0 million and RMB82.4 million for the years ended on 31 December 2019, 2020 and 2021, respectively. We expect our demand for financing to increase due to the continuing expansion of our businesses.

There can be no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans. In addition, our ability to obtain adequate external financing will depend on a number of factors, such as our financial performance and our operating results, as well as other factors beyond our control, such as the global and PRC economic conditions, the prevailing interest rates, the applicable PRC laws and regulations, the adoption of tighter monetary and credit policies by government entities. As a result, we cannot assure you that we will be able to support our business expansion by maintaining adequate credit facilities at commercially reasonable rates or at all, or to successfully raise capital from alternative sources. Moreover, any increase in the costs and interests will drive up our financial costs and reduce our interest spread. If we are unable to obtain financing when required, at a reasonable cost or on reasonable terms, or at all, our business, financial conditions and operating results may be adversely affected.

In addition, we may issue additional equity or debt securities in the future to meet our capital requirements. Any sale of additional equity securities or securities convertible into our equity securities will dilute our Shareholders' interests. Any additional debt will also result in increased debt servicing obligations and may also result in covenants limiting our shareholding structure, business or operations. If we are unable to access such alternative funding resources in a timely manner for any reasons, we may not be able to maintain a sufficient working capital and liquidity level.

Restrictions imposed by the terms of our financing covenants may adversely affect our financial conditions and there is no assurance that we can fulfil our obligations incurred under our financing arrangements.

We have various financing agreements with banks, financial institutions or other lenders which impose certain restrictive conditions on us, including both operational and financial covenants. Such covenants primarily include, among others, requirements for us to provide the lending institutions with prior written notice for certain transactions such as merger and acquisition and demerger, inform them upon the occurrence of certain issues such as liquidation and winding up. Breach of any of such covenants may result in an event of default and trigger the financing party's exercise of their rights on an accelerated basis, or could result in cross-defaults on the terms of our other existing and outstanding indebtedness, which could increase our financing costs and affect our ability to refinance our indebtedness.

Default has not been claimed by any of our banks, financial institutions or other lenders pursuant to any of the clauses in any of the financing agreements that we have entered into during the Track Record Period and up to the Latest Practicable Date. However, such banks, financial institutions or other lenders may claim default against us if we (i) cannot fulfil our obligations incurred under such agreements, (ii) repay the outstanding amounts as and when they fall due by obtaining sufficient cash flow from our business operations or by disposing our assets, or (iii) manage to secure further financing or financing on better terms from third parties, such banks, financial institutions or other lenders may have the right to accelerate the maturity of the financings or enforce the securities or collateral of such financings. If acceleration or enforcement takes place, our liquidity, chances of securing financing in the future, financial conditions, operating results and our business as a whole will be impacted in a materially adverse manner. We cannot assure you that we will be able to continue to fully comply with the relevant restrictive conditions, or refinance any of our indebtedness on commercially acceptable terms or at all. The occurrence of any of the foregoing may materially and adversely affect our business, financial conditions and operating results.

We may not be able to adapt our business offerings to respond to changing consumer preferences and market demands, which could have a material adverse effect on our business, financial conditions and operating results.

Our business prospects and continuing revenue growth depend largely on our ability to retain and expand our customer base. We offer services and products meeting our customers' needs. However, these business offerings that we introduce may not be sufficiently attractive to certain customers. In addition, market practice may shift and drive consumer demands for products that are different from what we are able to offer. Our ability to deliver satisfactory customer experience is subject to a number of factors, including our ability to provide efficient business offerings and our ability to continue to improve our business offerings to meet changing customer needs. We cannot assure you that our new business offerings will be well-received. If not, we may incur financial losses and reputational damage and our operating results could be materially and adversely affected. If we are unable to continue to introduce new services and products, improve our existing business offerings, or adjust our business offerings to satisfy the change in consumer preferences and market demands, we may not be able to continue to attract new customers or maintain our current customer base, and our business, financial conditions and operating results may be materially and adversely affected.

Our risk management systems may not effectively protect us against or reduce our exposure to various risks inherent in our business.

We have established risk management systems with various policies and procedures in place to manage our risk exposures with respect to financial and corporate governance. In addition, we have set up risk management systems for provision of our financial leasing business and factoring business. For details please refer to the sections headed "Business – Risk Management" and "Business — Supply Chain Financial Service Sector – Risk Management for Financial Leasing and Factoring Businesses" in this document.

Our risk management policies and procedures are based upon regulations and policies of various government authorities, industry practice, our financial conditions and our operational experience. However, our policies may not be adequate or effective in managing all future risk exposures or protecting us against unidentified or unanticipated risks, which could be significantly greater than those indicated by our internal assessments and operational experience. Although we are continuously monitoring and reviewing the operation and performance of our risk management systems as well as improving the systems from time to time to adapt to changes in market conditions and regulatory environment, it may fail to predict future risks due to rapid changes in the market and regulatory conditions.

Moreover, the risk management systems as well as our protocols in relation to our internal approval, checks, authorisation and controls employed by us may not be sufficient and effective to reduce our exposure to the wide variety of inherent risks that we are exposed to in our business, such as those that are unforeseeable and unknown. We base our design of the risk management systems as well as our protocols on the characteristics and stages of our business operations, the previous trends and records of the behaviour of the market and situations that happened in the past. Therefore, there is no assurance that we can properly pinpoint, single out or predict the kinds of risk we may be exposed to in the future and the magnitude of such risk exposure, which can differ greatly from the type and magnitude of risks we were exposed to as evidenced by the historical figures and records. Besides, there is no guarantee that the abovementioned risk management systems will be able to detect and prevent fraud, non-compliance, suspicious transactions or other misconduct by employees, customers, commercial automobile sales dealers we work with and other third parties or business partners effectively or at all. If our risk management systems as well as our protocols in relation to our internal approval, checks, authorisation and controls fail to recognise and identify the relevant risks, our business, financial conditions and operating results may experience materially adverse effects.

Our business is dependent on the proper functioning and improvement of our information technology systems. Any significant disruption in our information technology systems may materially and adversely affect our business and results of operations.

Our business is highly dependent on the ability of our information technology systems to process a large number of transactions across different sectors securely and in a timely manner. In particular, our IoV and data service is heavily dependent on our information technology systems. In addition, our logistics and supply chain services and the timely delivery of the goods we are transporting are highly dependent on our ability to communicate and manage information on various aspects of the logistics processes and the supply chains effectively. Any failure in our information technology systems due to faulty interaction with systems of other logistics and supply chain service industry players, viruses, unauthorised access, wear and tear, failures on the part of internet service providers or other factors could have a material adverse impact on our results of operations.

The proper functioning of our standardised accounting system, office automation system and other data processing systems are important to our business, financial conditions and operating results. Our ability to operate and remain competitive depends largely on our ability to maintain the stability of our information technology systems and to continue upgrading such systems. However, our series of data processing systems may fail to operate adequately and may become disabled as a result of events that are beyond our control. Such systems, including software licensed from suppliers, may be vulnerable to unauthorised access, computer viruses, other malicious code or hacker attacks, which may result in significant business delays or interruptions, compromise our data integrity and result in identity theft, for which we could potentially be liable.

In addition, although we upgrade our information technology systems from time to time to meet the changing requirements of our business, there can be no assurance that any upgrades or adaptations can be implemented without disruption to our business, or that our information technology systems will continue to meet the changing requirements of our business. As such, our current information technology systems may not be able to continue to satisfy our management's needs and respond to changes in the market efficiently and in a timely manner. Moreover, while we have established backup systems and procedures and have not experienced any failure that has materially affected our business, any failure of the hardware or software that supports our information technology systems may materially disrupt our business or adversely damage our reputation. We may also experience difficulties in upgrading, developing and expanding our information technology systems quickly enough to accommodate our growing customer base and business offerings.

We may be subject to complex and evolving laws and regulations regarding confidentiality, privacy and data protection. Actual or alleged failure to ensure and protect the confidentiality of the data and information of our customers and to comply with privacy and data protection laws and regulations could subject us to penalties, negatively impact our reputation and deter customers from engaging us, and hence significant legal, financial and operational consequences.

During the normal course of our business, we may regularly collect, store, process, and transfer data and information of our customers which enables us to provide the business offerings that we are obliged by contract to provide. In particular, the success of our IoV and data service business hinges on our technology of collecting, storing, processing and transferring data recorded by the commercial automobiles that use our products and services. In providing our business offerings, a challenge we face is the secured collection, storage, processing and transmission of confidential data and information. We hold certain confidential data and information about customers, such as their names, addresses and contact information as well as financial information. We also need to collect confidential data and information from our business partners, third party suppliers and other parties. We are required to collect and use the confidential data and information in accordance with PRC laws and not to disclose or use such data and information without the consent from our customers. For details of the relevant PRC Laws, please refer to the section headed "Regulatory Overview — Regulations regarding Information Security and Personal Information Protection" in this document.

We rely on numerous measures to protect the confidentiality of data and information provided to us or stored on our systems. All the data and information we collected is stored internally and protected from unauthorised intrusion. Only authorised employees may access the data and information and such authorisation is granted based on the employees' work requirements. We also monitor the log-in activities of our employees and alert relevant departments to any abnormal situation. We also rely on contracts with our business partners and third party suppliers to ensure that they would duly protect the confidentiality of the data and information we provide to them and that they have obtained the consent from their customers over the confidential data and information they provide to us. However, confidential data and information in our systems may be compromised as a result of intentional or unintentional security breach or inadvertent errors. While we strive to protect the confidentiality of the data and information, if we, our business partners or third party suppliers inappropriately disclose any data or information, we could be subject to claims by our customers, government entities or other third parties for identity theft, similar fraud claims or claims for other misuses of data and information. Such events could subject us to fines and damages, damage our reputation and cause customers to lose their trust and confidence in us, thereby materially and adversely affect our business, financial conditions and operating results.

In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. Particularly in China, where we operate our businesses, the PRC government has enacted a series of laws and regulations on the protection of personal data in the past few years. When conducting our business, we may have access to certain data of our customers and therefore are subject to the privacy and data protection laws and regulations.

On 28 December 2021, the CAC published the Measures for Cybersecurity Review, which further restates and expands the applicable scope of the cybersecurity review. Pursuant to the Measures for Cybersecurity Review, if an Internet platform operator possesses personal information of over one million users and intends for going public abroad (國外上市), it must be subject to the cybersecurity review. On 14 November 2021, the CAC published the Draft Regulation, which reiterates the circumstances under which data processors shall apply for cybersecurity review, including, among others, (i) the data processors who process personal information of at least one million users apply for going public abroad (國外上市); and (ii) the data processors' listing in Hong Kong will or may impact national security.

We have adopted various measures to ensure legal compliance. Please refer to the section headed "Business — Information Technology — Data Privacy and Protection" in this document for details of our measures to ensure data privacy and protection. As confirmed by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we are in compliance with applicable PRC laws and regulations with respect to privacy and personal data protection in all material aspects, and the existing laws and regulations in cybersecurity, data security and personal data protection will not have a material adverse impact on our business operations and the [**REDACTED**] on the Stock Exchange. However, the laws and regulations regarding privacy and data protection in China, as well as other jurisdictions, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the integrity of our privacy and data protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyber-attacks. If we are unable to comply with the then applicable laws and regulations, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to significant legal, financial and operational consequences.

Our goodwill and reputation among our customers are important to the success of our business. Any adverse impact to our brand or any inability to protect our reputation may cause material adverse effects on our business, financial conditions and operating results outcome and result and business in general.

Our goodwill and reputation and our customer's awareness of our brand are one of the reasons of our success in the market. Protecting and building up such goodwill, reputation and awareness as well as our brand recognition requires us to maintain our high calibre of business offerings and continuously put in effort to market, promote and campaign. Our brand is our identity and we are of the belief that maintaining and improving our brand image is conducive to growing our base of customers and furthering our business scope. There is no guarantee that our efforts in marketing our brand and enhancing our goodwill and reputation will be productive or yield favourable results. Also, our brand, goodwill and reputation may be affected by negative publicity or unwanted public and media attention, regardless of the veracity of such publicity or attention. They may appear in the form of comments on internet postings and other media sources, and we cannot assure you that other types of negative publicity will not arise in the future. For example, in the event that we fail to meet our customers' expectations as to the quality of our business offerings, our customers may disseminate negative comments on social media platforms such as WeChat and Weibo. In addition, if our business offerings are no longer seen to command a premium over the offerings of our competitors, the market perception and customer acceptance of our brand may erode. As a result, our business potential and prospects may be negatively influenced if we cannot further our goodwill and reputation and promote our brand for expansion of our customer base.

In addition, any unauthorised use of our brand, trademarks and other related intellectual property rights by third parties in their corporate names or product brands could harm our brand image as well as competitive advantages and businesses. The measures we take to identify potential infringement of our intellectual property rights and to protect our brand and trademarks may not be adequate. Furthermore, the application of laws governing intellectual property rights in China is uncertain and evolving. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may have a material adverse effect on our business, financial conditions and operating results.

We may not be able to use certain properties leased by us because of defects affecting our leasehold interests.

We operate our businesses on properties that we lease from third parties and there are defects with certain portions of these properties. For details of the title defects of such properties, please refer to the section headed "Business — Properties" in this document.

Any dispute or claim in relation to the properties that we occupy, including any litigation involving allegations of illegal or unauthorised use of these properties, could require us to relocate our business operations occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation might disrupt our operations and cause certain adverse effects on our business, financial conditions and operating results. Furthermore, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licences or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

We may be subject to fines and penalties as a result of our non-compliance with certain PRC laws and regulations during the Track Record Period.

Pursuant to the relevant PRC laws and regulations, we are subject to a number of statutory and regulatory requirements in order to validly continue and maintain our daily operations. For example, employers in the PRC are required to make social insurance fund contributions and housing provident fund contributions for their employees, and entities failing to do so may be ordered to correct the non-compliance incidents within a prescribed time limit and subject to penalties or fines. During the Track Record period, we were not in strict compliance with the requisite contribution requirements in relation to some of our PRC employees. For details of the non-compliance incidents and the remedial measures taken, please refer to the section headed "Business — Regulatory Compliance" in this document.

There is no assurance that we will not be subject to penalties or fines imposed by the relevant PRC government authorities as a result of such non-compliance incidents or be ordered to rectify such non-compliance incidents. In particular, there is also no assurance that there will not be any employee complaint against us regarding our non-compliance in relation to social insurance fund contributions and housing provident fund contributions. Any such penalties, orders or complaints may harm our corporate image and may have an adverse effect on our business, financial conditions and operating results.

Even though we have taken out insurance policy, our insurance coverage may be inadequate to protect us from all potential losses.

We carry insurance covering loss and damage to our properties, including our fixed assets and inventories at our warehouses and sales halls. We also carry insurance for (i) our transportation fleet and the goods we deliver during the provision of logistics and supply chain services, and (ii) commercial automobiles under our supply chain financial services. For details of the insurance policy that we have taken out, please refer to the section headed "Business — Insurance" in this document. However, significant uninsured damage to any of our properties, inventories, goods we deliver, commercial automobiles or other assets, or occurrence of liabilities claims against us, could materially and adversely affect our business, financial conditions and operating results.

In addition, we are also subject to potential product liability and service liability claims if any party incurs damages and/or suffers from personal injuries caused by its usage of our services and/or products. Because of the inherent nature of our services and products, we have been experiencing difficulty in locating a suitable insurance policy or an insurer that is willing to provide adequate coverage for our services and products. If the damages incurred and/or personal injuries suffered by the third parties are caused by the substandard or defective service or product provided by our suppliers or manufacturers as third parties, we will concurrently initiate claims against those parties to recover damages that the end-user is claiming from us. Therefore, liability can, in effect, be assumed by the party ultimately responsible for the damages and/or personal injuries. However, the deemed transferral of liability may not be able to take place effectively in every instance. If we cannot do so, our business, financial conditions and operating results will experience materially adverse effects. If the blame of the damages and/or personal injuries falls on us, we will be liable for service liability and product liability claims initiated by end-users, leading to unfavourable press coverage and other claims for indemnity or compensation. If a claim of service liability and/or product liability against us is successful, we may have to terminate our service and/or recall our products to rectify the issues that caused the damages and/or personal injuries. In that case, we will incur legal and other operational costs to deal with the claim and other unfavourable allegations as well as to rectify the underlying problematic issues. In that case, our brand image and reputation will be damaged and our business, financial conditions and operating results will experience materially adverse effects.

If we are unable to realise our future business plans, our business potential and prospects will be limited.

The prevalent circumstances in the market and our business in general, the presumption that certain future circumstances will or will not take place and the intrinsic risk exposure and unpredictability of the different phases of our business development form the basis of the way we formulate our future business plans. For details of our business plans, please refer to the section headed "Business — Business Strategies" in this document. We devise our business plans and predict our future growth by making the following categories of assumptions: (i) our capability to obtain extra capital and sources of financing and our ability to do so while reducing the costs to obtain such capital, (ii) the efficacy of our sales, publicity and marketing plans in the ever-evolving market, and (iii) the increase in the demand for all of the different sectors of our business in the future. Our business potential and prospects have to be assessed against the background of all the uncertainties, risk exposure and hurdles that we may face in the phases of execution of our business plans. In the situation that any of the assumptions we base our formulation of our business plans in the future on are imprecise or wrong, such plans will not have the same degree of effectiveness in promoting and stimulating our business development. Consequently, our business, financial conditions and operating results will be affected in a materially adverse manner.

There is no assurance that we can retain the key members of our management team and other key personnel and that we can engage and retain talents and professionals as needed.

Our management team and other key personnel contribute significantly to our success. For more details of our management team and other key personnel, please refer to the section headed "Directors, Supervisors and Senior Management" in this document. However, there is no assurance that the members of our management team and other key personnel who are pivotal to our success will choose to continue their career with us or stay in the same position as there may be situations outside of our control. The termination of employment may affect our operations and our capability to carry out our business plans to further our development. We may not be able to find viable replacements with comparable experience and of similar calibre in a reasonably practicable period, thus causing delays and disruptions to our daily operations.

In addition, we attribute our commercial success to our ability to engage and retain talented individuals and professionals to join our competent and experienced team, which is responsible for managing and overseeing the daily operations and developing upcoming business plans. Such individuals and professionals are also targeted by other businesses in the market and there is no assurance that we can be successful in recruiting those with the required experience and expertise and securing their services. We may have to provide them with incentives such as more competitive remuneration and benefits to engage and retain them. Therefore, there is no assurance that our expenses on employees' remuneration package will not be subject to unforeseeable growth. Our competitiveness in the market and the development of our business may suffer if we cannot recruit and retain such individuals and professionals and if the expenses on employees' remuneration package increases exponentially. As such, our business, financial conditions and operating results may experience material adverse effects.

We may not be successful in identifying or acquiring suitable acquisition targets or integrating newly acquired businesses into our business.

We intend to expand our operations and markets through both organic growth and strategic acquisitions. We compete with other enterprises, some of which may have greater financial and other resources, and we may not be able to compete successfully with such enterprises in acquiring suitable targets. If we do not succeed in identifying and acquiring suitable acquisition targets, our business, financial conditions and operating results may be materially and adversely affected.

Furthermore, integration of the newly acquired businesses may not succeed for a number of reasons such as differences in strategic focus, geographic coverage and corporate culture between us and the acquired businesses and difficulties in retaining the key employees of the acquired businesses. Any delays or difficulties encountered in connection with the integration of management or operations could result in the diversion of management's attention from existing operations and the delay or deferral of important strategic decisions by our management, negatively affecting our business, financial conditions and operating results. In addition, we cannot assure you that we will realise any of the anticipated benefits from our strategic acquisitions.

RISKS RELATING TO OUR INDUSTRY

The major focus of our businesses is on the commercial automobile-related industry. Our business, financial conditions and operating results may be negatively affected in a material manner if there is a reduction in the prevalence and general usage of commercial automobiles in the PRC.

Our business sectors place significant emphasis on the commercial automobile-related industry, including our logistics and supply chain service sector, our supply chain financial service sector and our IoV and data service sector.

As at the Latest Practicable Date, we generated almost all of our revenue from our business sectors, the subject matter of which is related to the commercial automobile and its relevant industry. If there is a reduction in the general usage of commercial automobiles in the PRC due to any decrease in demand in commercial automobile, any alteration of the governmental policies in the PRC in relation to the usage of commercial automobiles, any decrease in popularity in using commercial automobiles, any recession of the economy in the PRC or any downturn of the downstream industries, our business, financial conditions and operating results will be affected in a materially adverse manner. For example, the revenue generated from our logistics and supply chain service sector decreased for the year ended 31 December 2021 compared with the year ended 31 December 2020 primarily due to the gradual decline in the market demand for heavy duty commercial automobiles in 2021 after experiencing high growth in the prior year as a result of the phase out of China III vehicles, the phased implementation of the China VI vehicle emission standards, and the construction of new infrastructure. In addition, the expected high sales of our increased inventory of commercial automobiles adopting China's Phase 5 Emission Standards in 2021 did not materialise because of a broad range of factors, including the increasing prices of oil and natural gas and decline in the market demand for heavy duty commercial automobiles, which cannot be controlled by us. Please also refer to the sections headed "Financial Information — Liquidity and Capital Resources — Net Current Assets" and "Financial Information — Liquidity and Capital Resources — Inventories" in this document for further details. There is no guarantee that such decline in market demand will not continue in the future.

Changes in industry standards imposed by the PRC government could restrict the supply of and reduce the demand for commercial automobiles in China, which in return would impact the market for other commercial automobile-related services and products.

Changes in industry standards, in particular emission standards and regulations related to fuel prices, would impact the market for commercial automobile-related services and products. For instance, if the PRC Government implements and enforces strict fuel economy and emission standards for commercial automobiles sold in the PRC, manufacturing and distribution costs may be raised, which may lead to higher suggested prices of commercial automobiles and a decrease in customer demand for commercial automobiles. Another example is that the PRC Government currently subsidises the retail price of petrol and diesel and may adjust the domestic fuel price as a result of, among other factors, changes in global crude oil prices and a desire to limit traffic and pollution problems. Fluctuations in fuel prices have led to changes in the level of fuel demand in China. Disparities in the cost and availability of fuel among different regions in China have made fuel cost in China increasingly less predictable. If the demand for fuel increases in China, fuel shortage or price increases may occur. Customers may choose to use more fuel-efficient commercial automobiles.

There can be no assurance that the PRC Government will not introduce or promulgate more stringent industry standards to enhance environmental protection and implement stricter fuel economy and emission standards, or impose additional restrictions. Any such measures may cause our various business sectors to decline and adversely affect our business, financial conditions and operating results.

We operate in regulated industries, and any failure by us to comply with applicable laws and regulations, or obtain or maintain necessary approvals, licences and permits in a timely manner may adversely affect our business.

We operate in regulated industries and we are required to comply with the applicable laws, rules and regulations governing the business services which we operate in. At the same time, we are also required to maintain various licences, permits and approvals for our operations, including without limitation to road transport licence for our logistics and supply chain service sector and value-added telecommunications business licence for our IoV and data service sector. For details, please refer to the section headed "Business — Licences, Permits and Approvals" in this document. Any failure to comply with any applicable laws, rules or regulations, and/or obtain or renew our licences, permits and approvals could disrupt our operations and any fines or other penalties imposed by the PRC Government could materially and adversely affect our business, financial conditions and operating results.

Our business, financial conditions and operating results may be affected by the unpredictable changes in the legal and regulatory framework in a materially adverse manner.

The PRC legal and regulatory framework is subject to the changes initiated by the PRC Government from time to time. Our business activities may come under the supervision, discretion and jurisdiction of a number of authorities in relation to the construction, explanation, application, execution, enforcement, implementation and administration of a number of rules, orders, guidelines, directives, administrative decisions, regulations, laws and any other normative documents. In particular, our financial leasing business and factory business are subject to the rules, regulations at laws that are specific to such businesses in the PRC. If any such rules, regulations at laws are altered, changed, amended or if more stringent rules, regulations and laws are enacted, we may not be able to respond to and adapt to such changes in a timely manner. In addition, we may be subject to penalties, fines, sanctions, restrictions and other punitive actions such as the suspension and revocation of our business licence and other permits and approvals to operate if we fail to comply with any of the above legal or regulatory requirements. If the validity of our business activities and transactions during the Track Record Period is disputed by any of our customers and/or debtors, or if changes to the legal and regulatory framework, for example more stringent rules and regulations that we are subject to are promulgated and effectuated, we may have to put in place certain adjustments to our business operations to ensure compliance. As a result, our business, financial conditions and operating results will experience materially adverse effects.

The business environment in which we carry out our business activities is becoming increasingly competitive.

The business environment in which we carry out our various business activities is becoming increasingly competitive. We cannot assure that our competitive edge over other market players can be maintained or that our business plans, strategies and potential can be realised and implemented fully and completely. Due to the wide variety of sectors in our business, we face competition from a broad spectrum of market players, for example logistics and supply chain service providers, sales outlets, commercial banks, financial institutions and information technology solution providers. The keen competition from those market players may lead to changes in the industries that we conduct our business in, including pressure to provide the same level of service at a lower price, growth of our competitors through merger and acquisitions, innovative and novel business offerings being marketed and provided, and increasingly aggressive marketing and publicity strategies. Consequently, our business, financial conditions and operating results may experience a materially adverse impact.

Our existing and potential competitors may have a wider variety and more available financial, technological, staff and marketing resources at their disposal so that they can develop their businesses and further their business and profit-making goals more successfully. Therefore, they can provide new business offerings more frequently and be more responsive and proactive to the trends and changes in the market and customer demands, which will increase their ability to attract new customers and strengthen their existing customer ties. As such, we will be at a disadvantage and our business, financial conditions and operating results will be materially adverse impacted.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in the PRC economic, political and social conditions and government policies could have a material adverse effect on our business, financial conditions and operating results operations and prospects.

We conduct substantially all our businesses and operations in the PRC, and all of our major assets are located in the PRC. Accordingly, our business, financial conditions and operating results are subject to economic, political and social conditions in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including without limitation to, economic structure, level of governmental involvement, level of economic development, growth rate, foreign exchange controls and allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy was similar to those of developed countries. Although the PRC economy has transferred from a planned economy into a more market-oriented economy, the PRC Government continues to exercise control over economic growth through imposing governmental regulations and industry policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social conditions, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial conditions or operating results.

The PRC Government has the power to implement macroeconomic measures affecting the PRC economy and has continuously exerted control over the growth and development of the PRC economy by the allocation of resources, the control of foreign currency exchange and payment in foreign currency, the introduction of monetary policies and the provision of favourable treatments to certain industries and entities, example of which includes decreasing the statutory deposit reserve ratio of the PBOC and reducing the benchmark interest rates. Various macroeconomic measures adopted by the PRC Government to stimulate economic growth may not be as effective as expected in sustaining the current growth of the PRC economy. In addition, if any macroeconomic measure reduces the disposable income of the overall population, such measures may have a material adverse effect on our business, financial conditions and operating results.

Additionally, a number of economic policies and market-oriented reforms adopted by the PRC Government are novel and unconventional, which may be improved or adjusted in the future. Such improvement or adjustment may not be in line with our business interest and may have a negative impact on our business development and operation. Those economic policies and other policies adopted by the PRC Government may lead to a general reduction of economic activity and business transaction in the PRC, causing a negative impact on our business, financial conditions and operating results.

Though the PRC has been one of the world's fastest growing economies as measured by GDP growth in recent years, the PRC may not be able to sustain historical growth rates. Moreover, there are a number of factors that may affect the prospects of the PRC economy, including (i) the uneven economic growth across different regions in the PRC and across different industries or business sectors in the PRC, (ii) general adverse economic environment such as the tension and threat of trade war between the PRC and the United States, (iii) the volatility of the PRC capital market, (iv) the availability and cost of credit and financing, and (v) other liquidity, inflation, geopolitical and unemployment issues. We may no longer be able to solicit customers, maintain the same level of costs of interest or have access to the same degree of availability to credit and financing if the macroeconomy of the PRC suffers from a decreased growth rate. An economic slowdown in the PRC could substantially and adversely affect the commercial automobile market in the PRC, which in turn could affect our business, financial conditions and operating results.

There is a risk that a global economic downturn could adversely affect the PRC economy and our business, financial conditions and operating results.

Substantially all of our revenue during the Track Record Period was derived from our operations in the PRC. In turn, any significant economic downturn in the PRC could have a material adverse effect on us. The global capital and credit markets have been experiencing extreme volatility and disruption in recent times. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit and continuing concerns among investors regarding the sovereign debt of various countries have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets in the future. These factors, combined with volatile oil prices, declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible global recession. These events may lead to a slowdown in the PRC economy which may adversely affect demand for our business offerings and could result in:

- difficulty in accurately forecasting the demand for our business offerings;
- increased price competition for provision of business offerings similar to ours;
- a significant reduction in consumer demand for our business offerings, which would reduce our revenues and profit margins;
- risk of excess and obsolete inventories;
- insolvency or credit difficulties of our customers, which could limit their ability to pay for our business offerings; and
- insolvency or credit difficulties of our business partners, which could disrupt the supply of goods or increase our inventory costs.

Uncertainties with respect to the PRC legal system could materially and adversely affect us. Holders of H Shares may not be able to enforce their rights successfully as Shareholders in the PRC according to the PRC Company Law or Hong Kong regulatory provisions.

We are established under the laws of the PRC. Substantially all our business is conducted in China and is governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC Government has promulgated laws, rules and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws, rules and regulations may not be definitive. As a result, the legal protections available to you under the PRC legal system, including those in relation to the resolution of disputes arising from the Company's Articles of Association and the transfer of the Company's Shares, may be limited.

Our Articles of Association set out provisions in relation settlement of disputes. For details, please refer to the section headed "Appendix V – Summary of the Articles of Association" in this document". Normally, a claimant may elect to submit a dispute to either the China International Economic and Trade Arbitration Commission or the Hong Kong International Arbitration Centre in accordance with their respective applicable rules. Pursuant to the Arrangement on the Mutual Enforcement of Arbitration Award between the Mainland and the Hong Kong Special Administrative Region* (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), awards that are made by the PRC arbitral authorities under the Arbitration Law of the PRC* (《中華人民共和國仲裁法》) (Zhu Xi Ling No. 76) can be recognised and enforced by the Hong Kong courts. Our Articles of Association further provide that any arbitral award will be final and conclusive and binding on all parties. Hong Kong arbitration awards pursuant to the Arbitration Ordinance of Hong Kong (《香港仲裁條例》) may be recognised and enforced by PRC courts, subject to the satisfaction of certain PRC legal requirements. However, to our knowledge, no action has been brought in the PRC by any holder of H Shares to enforce an arbitral award and no assurance can be given as to the outcome of any action brought in the PRC by any holder of H Shares to enforce a Hong Kong arbitral award made in favour of holders of H Shares. Moreover, to our knowledge, there has not been any published report of judicial enforcement in the PRC by holders of H Shares of their rights under the articles of association of any PRC issuer or the PRC Company Law. In addition, the PRC laws, rules and regulations applicable to companies listed overseas do not distinguish among minority and controlling shareholders in terms of their rights and protections, and our minority Shareholders may not have the same protections afforded to them by companies incorporated under the laws of certain jurisdictions.

You may experience difficulties in effecting service of legal process and enforcing judgements against us or the Directors, Supervisors or senior management residing in the PRC.

We are established under the laws of the PRC and our assets are located in the PRC. In addition, substantially all of our Directors, Supervisors and senior management reside within the PRC, and substantially all of the assets of our Directors, Supervisors and senior management may be located within the PRC. As a result, service of legal process outside the PRC upon most of our Directors, Supervisors and senior management may not be able to be effected. Moreover, the PRC does not have treaties providing for the reciprocal enforcement of judgements of courts with the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgements with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgements of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned* (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"), pursuant to which a party with a final court judgement 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 judgement in the PRC. Similarly, a party with a final judgement 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 such judgement 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, a judgement rendered by a Hong Kong court in the PRC may not be able to be enforced 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 1 August 2008, the outcome and effectiveness of any action brought under the 2006 Arrangement may still be uncertain.

On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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》) (the "**2019 Arrangement**"). The 2019 Arrangement shall supersede the 2006 Arrangement after it comes into effect and is aimed to bring a higher degree of certainty and clarity on the reciprocal recognition and enforcement of judgements in a wider range of civil and commercial matters by the courts of Hong Kong and the PRC. Parties concerned will be able to apply to the High Court of Hong Kong or the relevant court in the PRC to request recognition and enforcement of legally effective civil and commercial judgements under the 2019 Arrangement if the parties have not entered into a choice of court agreement before the commencement date of the 2019 Arrangement. The 2006 Arrangement will continue to apply to choice of court agreements in writing that are entered into by the parties before the commencement date of the 2019 Arrangement. However, even though the 2019 Arrangement has been entered into, the date on which it will come into effect shall be announced after (i) the completion of relevant procedures in Hong Kong since the 2019 Arrangement will be implemented by local legislation in Hong Kong, and (ii) the promulgation of judicial interpretations by the Supreme People's Court of the PRC. As such, the exact commencement date of the 2019 Arrangement as well as the application, outcome and effectiveness of an application under the 2019 Arrangement for the recognition and enforcement of judgements still remain uncertain.

In addition, we will be subject to the regulations under the Listing Rules and the Takeovers Code upon the [**REDACTED**] of our H Shares on the Hong Kong Stock Exchange. The holders of H Shares will not be able to act in violations of the Listing Rules and must rely on the Hong Kong Stock Exchange or the SFC to enforce its rules. However, the Listing Rules and the Takeovers Code do not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

Foreign individual holders of our H Shares will be subject to PRC taxation, such as the dividend paid by us and the profits gained by selling our H Shares.

Under current PRC tax laws, regulations, rules and statutory documents, non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares of our Company ("**non-PRC resident individual holders**") are subject to PRC individual income tax on the profits gained by selling our H Shares and dividends received from us. Pursuant to the Notice on Questions Concerning the Collection of Individual Income Tax following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) issued by the SAT on 28 June 2011, the tax rate applicable to dividends received by non-PRC resident individual holders of H Shares of non-foreign invested enterprise issuers incorporated in the PRC is 5.0% to 20.0% (typically 10.0%), depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides. Dividend income of individual shareholders who are residents of countries that have not entered into taxation treaties with the PRC is generally subject to income tax at the rate of 20.0%. If we pay a dividend, we will be required to withhold tax at the applicable rate (which can be higher than 10.0% if the relevant individual shareholders and the tax rate applicable to such shareholder can be identified by the Company). In addition, according to the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (Zhu Xi Ling No. 9) and the Regulation on Implementation of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法實施條例》) (Guo Wu Yuan Ling No. 707), the income from the transfer of properties is subject to tax under to the Individual Income Tax Law of the PRC at a rate of 20.0%, unless such amount is specifically exempted by the finance authority of the State Council or reduced or waived by an applicable income tax treaty or arrangement. We are obligated to withhold the relevant amount and pay such applicable amount that forms the tax payable on the dividend payments on behalf of a non-resident individuals. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by the MOF and the SAT on 30 March 1998, gains of individuals derived from the transfer of listed shares in enterprises may be exempt from individual income tax. As far as we understand, for profit gained from trading [**REDACTED**] in the exchange house set out in the Fourth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion* (《《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第四議定書》) signed on 1 April 2015 and effective on 29 December 2015, Hong Kong investors are not obligated to pay individual income tax in the PRC. Nevertheless, as at the Latest Practicable Date, we understand that there is no clarity as to the construction, interpretation and application of the relevant tax rules, regulations and laws in the PRC to the issue of whether profit gained from trading of H shares by non-resident individuals in other jurisdictions are subject to individual income tax in the PRC if that individual is not exempted by any tax treaty or arrangement. Based on our knowledge, as at the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders' investments in [**REDACTED**] may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) (Zhu Xi Ling No. 23) and its implementation regulations, a non-PRC resident enterprise (i.e. it does not have an establishment in the PRC, or, if they do, their income is not effectively related to such establishments) is generally subject to enterprise income tax at a rate of 20.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company, subject to reductions and exemptions under any special arrangement or applicable treaty between the

PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H Shares of the Enterprises* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) promulgated by the SAT on 6 November 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. To the best of our knowledge, as at the Latest Practicable Date, we are not aware of any specific rules as to how tax are levied on profit gains realised by non-resident enterprises as H Share Holders through their [**REDACTED**].

There is no absolute clarity as to the construction, interpretation and application of the PRC tax laws by the relevant PRC authorities. There is also no guarantee that the relevant PRC tax rules, regulations, laws and statutory documents will not be altered or changed in the future. If such alteration and change is unfavourable to your interests, your investment in our [**REDACTED**] may be affected in a materially adverse manner.

Government control of currency conversion may materially and adversely affect the value of your investments. For example, the PRC rules, regulations and law on the conversion of currency and the rise and fall of the Renminbi exchange rate may affect our capability to pay dividends to H Shareholders in a materially adverse manner.

Our revenue is denominated in Renminbi, which is also our reporting currency. Renminbi is not freely convertible into foreign currencies. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs and to fulfil our payment and cash flow obligations under various arrangements, contract and agreements, including cash payments on dividends declared on our H Shares. Under existing foreign exchange regulations of the PRC, following the completion of this [**REDACTED**], we will be able to pay dividends in foreign currencies through current account transactions without prior approval from the SAFE by complying with specific procedural requirements.

According to the PRC's prevailing rules, regulations and laws on currency conversion and control, after the [**REDACTED**] is completed, we will be allowed to declare and pay dividend in a non-Renminbi currency if compliance of certain procedure is ensured without SAFE's prior approval. However, if the PRC Government is to impose restrictions on access to foreign currencies for current account transactions at its discretion or to control and restrict conversion to foreign currency or foreign exchange in relation to capital accounts account transactions in certain scenarios at its absolute and sole discretion from time to time in the future, we might not be able to pay dividends to the holders of our H Shares in foreign currencies. Foreign exchange transactions under a capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect our ability to obtain foreign currencies through equity financing or other capital activities. Furthermore, the [**REDACTED**] from the [**REDACTED**] are expected to be deposited overseas in currencies other than Renminbi until we obtain necessary approvals from relevant PRC government authorities to convert these [**REDACTED**] into onshore Renminbi. If the [**REDACTED**] cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these [**REDACTED**] efficiently may be affected as we will not be able to invest these [**REDACTED**] on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, financial conditions and operating results.

The value of Renminbi and other currencies rises and falls from time to time. Such fluctuation is affected by several factors such as alteration to the socio-political and economic conditions and monetary and fiscal policies in relation to foreign exchange of the PRC and other countries. The PRC Government may initiate reforms to the current foreign exchange and currency control legal and regulatory framework as the foreign exchange markets continue to develop and the Renminbi continues to be liberalised and internationalised. Due to the fact that all of our revenue is denominated in Renminbi and that the capital yielded in the [**REDACTED**] will be denominated in Hong Kong dollars, and fluctuation in the value of the Renminbi, the Hong Kong dollar and any other currencies may lead to the increase and decrease of value of our assets and capital yielded in the [**REDACTED**] and a positive or negative effect on the value of our H Shares and the dividend payable on our H Shares. Additionally, there is a limited set of measures and devices that we can employ to hedge, mitigate or manage our exposure to the risks in relation to foreign currency exchange at reasonable costs. There is no assurance that we can hedge, mitigate or manage our currency risks in relation to our assets denominated in any foreign currency. Moreover, under the prevailing law in the PRC, we are obligated to obtain SAFE approval before we can convert a substantial amount of foreign currency into Renminbi. Any and all of the above factors may affect our financial performance and operation results in a materially adverse manner.

Future fluctuations in the value of the Renminbi could have a material adverse effect on our business, financial conditions and operating results.

All of our revenue and expenses are denominated in Renminbi, a currency that is not freely convertible into other currencies. The exchange rate of the Renminbi against the US dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's and international political and economic conditions and the PRC Government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and US dollar, has been based on rates set daily by the PBOC based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to US dollars was generally stable. On 21 July 2005, the PRC Government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. On 19 June 2010, the PBOC announced that the PRC Government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. In April 2012, the PBOC enlarged the floating band for the trading price of RMB against the US dollar on the inter-bank spot exchange market to 1.0% around the central parity rate. In March 2014, the PBOC further enlarged the floating band for the trading price of RMB against the US dollar on the inter-bank spot exchange market to 2.0% around the central parity rate. There remains significant international pressure on the PRC Government to adopt a more flexible currency policy, which could result in further appreciation or depreciation of the Renminbi against other currencies. There can be no assurance that the Renminbi will not experience significant appreciation or depreciation against other currencies.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against Hong Kong dollars or any other foreign currencies may result in a decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, H Shares in foreign currency. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. As a result, any significant increase in the value of the Renminbi against foreign currencies could reduce the value of our foreign currency-denominated revenue and assets.

Payment of dividends is subject to restrictions under PRC law.

Under the laws in the PRC, we may only pay dividends out of our distributable profits. Distributable profits refer to our after-tax profits as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory reserves, discretionary reserves and general risk reserves that we are required to make according to relevant rules. As a result, we may not have any or sufficient distributable profits to enable us to make distributions to our Shareholders, even if our financial statements may indicate that we are profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

During Track Record Period, the differences mainly arise from the difference of accounting treatment on appropriation and utilisation of safety fund between PRC GAAP and IFRS which is insignificant, please refer to note 30 (c) to "Appendix I — Accountant's report" to this document.

RISKS RELATING TO THE [REDACTED]

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

Prior to the [**REDACTED**], there has been no public market for our H Shares. The [**REDACTED**] for our H Shares was the result of negotiations between us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] for our H Shares following the [**REDACTED**]. We have applied for [**REDACTED**], our H Shares on the Hong Kong Stock Exchange. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, will be sustained following the [**REDACTED**] or that the [**REDACTED**] of our H Shares will not decline following the [**REDACTED**]. If there is no [**REDACTED**] for our H Shares after the [**REDACTED**], the value, [**REDACTED**] and liquidity of our H Shares will be affected in a materially adverse manner. Additionally, the initial [**REDACTED**] of the H Shares will be fixed by the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us. Therefore, the initial [**REDACTED**] may not be indicative of the [**REDACTED**] or value of our H Shares after the completion of the [**REDACTED**]. Furthermore, the [**REDACTED**] and [**REDACTED**] of our H Shares may be volatile. The following factors may affect the [**REDACTED**] and [**REDACTED**] of our H Shares:

- actual or anticipated fluctuations in our operating performance and revenue;
- a number of research reports on us to be released by industry and security analysts and a potential reduction of rating of our H Shares by such analysts;
- changes in earnings estimates or recommendations by financial analysts;

- news regarding recruitment or departure of key personnel by us or our competitors;
- significant information on competitive developments, acquisitions or strategic alliances in our industry;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies and industries, and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

Moreover, the securities market has from time to time experienced significant price and trading volume fluctuations that might be unrelated or not directly related to the operating performance of the underlying companies in the market. These broad market and industry fluctuations may have a material and adverse effect on the [**REDACTED**] and [**REDACTED**] of our H Shares.

Our Controlling Shareholders can exert significant influence on us and could cause us to act in a way that may not be in the best interests of our minority Shareholders.

Upon completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] from HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**]), the Controlling Shareholders will in the aggregate beneficially own approximately [**REDACTED**]% of our issued Shares. Subject to our Articles of Association and applicable laws and regulations, the Controlling Shareholders will continue to have the ability to exercise controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that require our Shareholders' approval. We cannot assure that the interests of our Controlling Shareholders may necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of ownership may have the effect of delaying, deferring or preventing a change in control of our Company, which could materially and adversely affect our business and growth prospect.

There will be a time gap of several business days between pricing and trading of our [REDACTED] offered under the [REDACTED]. The market price of our [REDACTED] when trading begins could be lower than the [REDACTED].

The [**REDACTED**] of our H Shares will be determined on the [**REDACTED**]. However, our H Shares will not commence [**REDACTED**] on the Hong Kong Stock Exchange until they are delivered, which is expected to be several Business Days after the [**REDACTED**]. Our H Shares will not commence [**REDACTED**] on the Hong Kong Stock Exchange until they are delivered and it is expected that there will be a considerable gap of time between the pricing of our [**REDACTED**]/closing of the [**REDACTED**] and the commencement of [**REDACTED**]. Further, the application for the [**REDACTED**] will commence from [**REDACTED**] to [**REDACTED**], which is longer than the normal market practice of [**REDACTED**] days. [**REDACTED**] may not be able to sell or otherwise deal in our [**REDACTED**] until the commencement of [**REDACTED**] and accordingly, holders of our H Shares are subject to the risk that the price of our [**REDACTED**] could fall before [**REDACTED**] begins as a result of adverse market conditions or other adverse developments that could occur between the time ofsale and the time [**REDACTED**] begins. As a result, investors may not be able to sell or otherwise deal in our [**REDACTED**] during that period. Accordingly, Shareholders are subject to the risk that the price of our H Shares when trading begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time [**REDACTED**] begins.

Future sales or perceived sales of a substantial number of our Shares in the public market could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, anticipated sales or perceived sales of a substantial number of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time, at a price and on terms that is favourable to us. In addition, our Shareholders would experience dilution in their shareholdings upon the [**REDACTED**] or sale of additional share capital or share capital-linked securities by the Company in future [**REDACTED**]. If additional funds are raised through our issuance of new share capital or share capital-linked securities other than on a pro rata basis to existing Shareholders, the shareholdings of such Shareholders may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the H Shares.

Subject to the approval by the CSRC or the authorised securities approval authorities of the State Council and upon the Hong Kong Stock Exchange granting approval, holders of Domestic Shares may convert their Domestic Shares into our H Shares and such Shares could be [**REDACTED**] on the Hong Kong Stock Exchange. No class shareholder vote is required for the conversion of such Shares and the [**REDACTED**] of the converted Shares on an overseas stock exchange, including the Hong Kong Stock Exchange. Future sales, or perceived sales, of the converted Shares may materially and adversely affect the [**REDACTED**] of our H Shares.

After completion of the [**REDACTED**], all Shares held by our Controlling Shareholders will be subject to legal restrictions on sale for a period of time. For details, please refer to the sections headed "Share Capital — Transfer of Shares Issued Prior to the [**REDACTED**]" in this document. After the lapse of the above-mentioned restrictions or if they are waived or breached, future sales, or perceived sales, of substantial number of those Shares could materially and adversely impact the [**REDACTED**] of our H Shares and our ability to raise capital in the future.

Subject to the approval by the relevant government authorities in China, holders of Domestic Shares may transfer their Domestic Shares to overseas investors, and such transferred Shares may be [**REDACTED**] on an overseas stock exchange. Any [**REDACTED**] of the transferred Shares on an overseas stock exchange shall comply with the rules, regulations and requirements of such stock exchange. No class shareholder vote is required for the [**REDACTED**] of the transferred Shares on an overseas stock exchange. As a result, subject to receiving the requisite approval and upon the expiration of the lock-up period of the applicable contractual and/or legal restrictions on share transfers, holders of Domestic Shares may transfer their Domestic Shares to overseas investors, and such Shares may then be [**REDACTED**] on the Hong Kong Stock Exchange as H Shares in accordance with the rules, regulations and requirements of the Hong Kong Stock Exchange. This could further increase the supply of our H Shares in the market and could materially and adversely impact the [**REDACTED**] of our H Shares.

The Hong Kong Stock Exchange may revoke the waivers it granted from compliance with certain requirements of the Listing Rules or impose certain conditions on such waivers, exposing us and our Shareholders to additional legal and compliance obligations.

We have applied for, and the Hong Kong Stock Exchange has granted us, a number of waivers from strict compliance with the Listing Rules. For details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules" in this document. There is no assurance that the Hong Kong Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multi-jurisdictional compliance, all of which could materially and adversely affect us and our Shareholders.

Dividends declared and distributed in the past may not be indicative of our dividend payments in the future and there can be no assurance if and when we will pay dividends in the future.

For the years ended 31 December 2019, 2020 and 2021, we paid dividends in an aggregate amount of approximately RMB63.0 million, RMB336.4 million and RMB68.0 million to our then Shareholders, respectively. Dividends paid in prior periods may not be indicative of future dividend payments. Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board of Directors at their discretion and will be subject to Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will be proposed by our Board of Directors and depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, capital adequacy levels, operating and capital expenditure requirements, distributable profits as determined under the PRC GAAP, the IFRSs, our Articles of Association, the PRC Company Law, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Our ability to declare and distribute dividend historically is not indicative of our ability to do so in the future, nor is it indicative of our financial performance in the future or the amount of dividends that will be declared or distributed in the future. Subject to any of the above constraints, we may not be able to pay dividends in the future. For details, please refer to the section headed "Financial Information — Dividend Policy" in this document.

We have significant discretion as to the use of [REDACTED] from the [REDACTED], and you not necessarily agree with our use of such [REDACTED].

Our management may use the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favourable return to our Shareholders. We intend to use the [**REDACTED**] from the [**REDACTED**] to support the expansion of our business. For details of our [**REDACTED**], please refer to the section headed "Future Plans and [**REDACTED**]" in this document. You are entrusting your funds to our management, upon whose judgement you shall depend, for the specific use of the [**REDACTED**] from the [**REDACTED**].

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

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

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong in making your [**REDACTED**] decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective [**REDACTED**] should not rely on any such information, reports or publications in making their decisions as to whether to invest in our [**REDACTED**]. By applying to purchase our [**REDACTED**] in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the [**REDACTED**].

There can be no assurance of the accuracy or completeness of certain facts, forecasts and statistics derived from various official or independent third party sources with respect to the PRC, Hong Kong and their economies and financial industries contained in this document.

We have derived certain facts, forecasts and other statistics in this document, relating to the PRC, the PRC economy and the industry in which we operate, including our market share information, from information provided by the PRC and other government authorities, industry associations, independent research institutes or other third party sources, which are generally believed to be trustworthy and reliable. Nevertheless, there is no assurance as to the reliability, accuracy, precision, completeness, validity or comparability of such sources and resources. While we have taken reasonable care in the reproduction of the information, such statements of facts, predictions, forecasts, statistics and financial information have not been independently vetted, verified or confirmed by us or any party related to the [**REDACTED**] and may not match the information obtained from other sources, or be complete, precise or updated. Reasonable care has been taken to report, reproduce and extracting information from those sources. However, our processes or methods in doing so may be erroneous or imperfect and our practices of doing so may vary from the standard market practice. Due to the above reasons and a range of unidentifiable reasons, such statements of facts, predictions, forecasts, statistics and financial information may be unreliable, inaccurate, imprecise, incomplete or invalid, or may be incomparable from period to period or to the facts, predictions, forecasts, statistics and financial information of other economies. As a result, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC, and may not be complete or up-to-date. Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. As a result, you should not overly rely on such facts, forecasts or statistics in an undue manner and shall seek professional advice in construing such information.