***This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the* [REDACTED]*. There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to invest in the* [REDACTED].**

OVERVIEW

Founded in 2004, we have grown from a freight forwarding company to an integrated cross-border seaborne logistics service provider in China. The cross-border logistics service market in China is fragmented with the top 15 service providers holding only an aggregate 12.2% market share in terms of revenue in 2022. We ranked 15th with an approximately 0.2% market share in terms of revenue in 2022. With our integrated service capabilities, flexible business model and internet service system, we provide one-stop cross-border logistics solutions to customers. In the early stage of our development, we gradually set our footprints in key ports in China and established branches in cities on the east coast to carry out our cross-border logistics service business. Being customer-centric, we closely follow customer demand and industry trends to expand our business scope and geographical coverage regions.

We focus on cross-border logistics services as our primary business line, and have accumulated vessel operation-related resources and capabilities through our time charter operation to strengthen our ability to provide cross-border logistics services. Our services cover all major aspects of the cross-border logistics process, including cargo pick-up and sorting, customs clearance, cross-border seaborne transportation, warehouse transit and last-mile delivery. Cross-border seaborne transportation is the key step in the cross-border logistics process. We offer cross-border seaborne transportation services that are operated by us or provided by third parties, among which, our self-operated cross-border seaborne transportation provides us with stable and reliable transportation capacity. In addition, our non-wholly owned subsidiary, BAL Container Line, launched self-operated cross-border seaborne transportation services between China and the United States in 2021.

We have invested substantially to develop the portfolio of our self-owned vessels and containers to support our operation. As of December 31, 2022, we had purchased four second-hand container vessels to gain vessel operation–related resources and capabilities. In June 2022, we entered into an agreement to order two first-hand ultra large container vessels, each with a capacity of 14,700 TEUs, which vessels are able to operate on a variety of major routes given their good adaptability. Furthermore, in view of the diverse needs of our customers, we have containers with different specifications and functions to provide different transportation services. We have also established stable cooperative relationships with a number of overseas supply chain companies to integrate their warehousing resources and transportation network to support the warehouse transit and last-mile delivery process. Please see "Business—Our fleet of vessels," "Business—Our containers" and "Risk Factors—We require a substantial amount of working capital to sustain our business" for details.

With the rapid development of internet technology, cross-border logistics customers continue to have increasing demand for online services. In 2015, we established Lcang.com (樂艙網) as an internet service system for our cross-border seaborne transportation service and further enhanced our service coverage by acquiring Shanghai Sijin in 2019. Our internet service system is centered around our central interface containing Lcang logistics data and synchronizes data from our internal ERP system and external third parties, therefore capturing and fulfilling customers' and suppliers' needs. In addition, our internet service system has enhanced our operational efficiency and achieved dynamic, intelligent, real-time and automated allocation of resources in all aspects. Our internet service system also enables us to gain timely insight into customer and market demand, which help us improve service solutions, attract new customers continuously and grasp the future development trends in the industry.

With the increased penetration of internet services, the global e-commerce market has experienced rapid growth in recent years. The outbreak of COVID-19 has also changed consumer habits in overseas countries significantly and accelerated the transition of consumption pattern from traditional offline shopping to online channels and platforms, promoting further development and expansion of the global e-commerce market. In addition to maintaining our traditional customers, we actively engage in attracting cross-border e-commerce customers in response to the rapid growth of China's cross-border e-commerce industry. Relying on our internet service system and our professional understanding of cross-border logistics, we provide cross-border e-commerce customers with professional transportation and visualized tracking services. Our integrated cross-border logistics services are in line with the industry trend of Chinese brands' going overseas and can effectively meet the transportation needs of cross-border e-commerce customers.

As our business scale and service scope continue to grow, we recorded robust financial growth during the Track Record Period. Our revenue grew from RMB781.5 million in 2020 to RMB4,195.4 million in 2021, and further to RMB4,607.9 million in 2022. In addition, our gross profit increased from RMB63.8 million in 2020 to RMB456.8 million in 2021, and further to RMB545.3 million in 2022.

OUR BUSINESS

With our integrated service capabilities, flexible business model and internet service system, we provide one-stop cross-border logistics solutions to customers. During the Track Record Period, we had two business lines, namely cross-border logistics services and time charter services.

We deliver cargo to customers' assigned destinations under cross-border logistics services. Our cross-border logistics services cover the entire logistics process, including logistics solutions consultancy, shipping arrangement, ground transportation, warehousing before departure, customs clearance before departure, cross-border seaborne transportation, customs clearance after arrival, warehousing and other value-added services after arrival and last-mile delivery. We charge service fees from customers including freight forwarding companies and cargo owners.

In addition, we hire out container vessels owned by us or chartered in from third parties under time charter services. We charge charter fees from customers, who are mainly shipping carriers. We have flexible business plans to utilize our shipping capacity in time charter services after securing sufficient shipping capacity for our integrated cross-border logistics services, with reference to market conditions and charter rates.

Cross-border Logistics Services

We provide integrated logistics services to our customers throughout the entire logistics process to deliver their cargo to the destination countries. Customers only need to interact with us to enjoy the integrated cross-border logistics solutions created by us. Our workflow and services begin with logistics solutions consultancy. This first step is to analyze our customers' needs and then formulate logistics solutions that suit their needs. Based on the services required by customers, we will then make shipping arrangements based on the accepted quotation and shipment availability. We pick up cargo from our customers' warehouses or other designated locations and then provide temporary warehousing services at ports to temporarily store the cargo before shipment upon request. We provide standard customs clearance services in the country of origin. After customs clearance, the cargo will be loaded onto the container vessels and transported to the destination country. Upon arrival at the designation country, we provide customs clearance services, warehousing and other value-added services on our customers' demand. If requested by our customers, we are able to provide local transportation to complete the last-mile delivery. Our services are provided either directly by us, which we commenced in 2021, or through third parties.

Our geographical coverage

We have a global logistics network. Our service network covers key destinations in North America, Latin America, Europe, Australia, East Asia and Southeast Asia. Our cross-border seaborne transportation, the key step in cross-border logistics, is operated by ourselves or provided by third-party shipping carriers. We self-operate cross-border seaborne transportation services between China and overseas countries, and our main destinations are shown in the following map:

In addition to the destinations shown above, during the Track Record Period, our self-operated seaborne transportation also reached Calgary, Edmonton, Halifax, Montreal, Saskatoon, Toronto and Winnipeg in Canada, Chicago, Dallas, Detroit, Memphis, Seattle, Oakland and the port of Hueneme in the United States, San Lorenzo in Honduras and Mexico City in Mexico.

We also arrange cross-border seaborne transportation provided by third-party shipping carriers, through which we established capabilities to cover a broader range of destinations across the globe. We will continue focusing on the provision of outbound cross-border logistics services from China to overseas countries.

Our services are not fixed to certain destinations and our cross-border logistics services reached various locations and ports around the globe to meet the demand of our customers during the Track Record Period. The global logistics network may expose us to sanction risks arising from economic sanctions implemented by the United States, European Union, the United Kingdom and other jurisdictions or organizations. As advised by our International Sanctions Legal Advisors who have performed the procedures they consider necessary, during the Track Record Period, our business operations in the Relevant Regions did not constitute a violation of the applicable International Sanctions. For more details, please refer to the section headed "Risk Factors—We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities" and "Business—Business activities with Regions subject to International Sanctions" for details.

Service volume and average service price

We have accumulated transportation related resources to ensure stable and reliable cross-border logistics services are provided, either by us or third parties. We have established long-term and stable cooperative relationships with domestic and overseas third-party suppliers to provide logistics services, covering seaborne transportation, freight forwarding, ground transportation, warehousing, customs clearance and insurance procurement. We have a flexible business model. For cross-border seaborne transportation, the key step of cross-border logistics, we provide it either by ourselves or by third parties. Customers may select cross-border seaborne transportation operated by us or provided by third parties based on their shipment requirement. For services other than cross-border seaborne transportation, we conform our operations to uniform standards to ensure consistent quality. The table below sets forth a breakdown of our service volume and average price per TEU categorized by whether cross-border seaborne transportation is operated by us or provided by third parties:

	Year ended December 31,					
	2020		2021		2022	
	Service volume	Average price per TEU	Service volume	Average price per TEU	Service volume	Average price per TEU
	TEUs	*RMB'000*	*TEUs*	*RMB'000*	*TEUs*	*RMB'000*
Cross-border logistics services						
– Cross-border seaborne transportation operated by us	–	–	68,244	28.4	100,050	26.0
Self-owned vessels	–	–	4,463	31.4	19,606	16.6
Chartered-in vessels	–	–	63,781	28.2	80,444	28.3
– Cross-border seaborne transportation provided by third parties	212,371	3.5	312,025	6.9	255,613	7.0
Total	**212,371**	**3.5**	**380,269**	**10.8**	**355,663**	**12.3**

Note: Average price per TEU equals revenue generated during the relevant period divided by TEU shipped in the same period.

In 2021, there was a surge in demand of cross-border seaborne transportation services, particularly for China-Americas routes, according to Frost & Sullivan. As an existing market player, we were able to capture the market opportunity during this period, primarily attributable to (i) our experience in the operation, charter and management of vessels, the relevant resources and our ability to provide cross-border logistics services and perform relevant tasks, (ii) our capability of securing vessels and booking vessel slots through our widely connected business partners when demand rises, and (iii) increasing recruitment of talent with cross-border seaborne transportation experience to manage our vessels and improve operation efficiency as well as establishing new offices (such as our Shenzhen office) to expand our service scope and customer network. As a result, despite port congestion and low efficiency of port operation caused by the COVID-19 pandemic, we increased our service volume of cross-border seaborne transportation.

In particular, our service volume of cross-border seaborne transportation provided by third parties increased from 212,371 TEUs in 2020 to 312,025 TEUs in 2021, primarily attributable to (i) an increase in market demand, (ii) our long-term business relationship with freight forwarders and shipping carriers that allowed us to obtain shipping resources and (iii) recruitment of staff dedicated to the orderly management and expansion of cross-border seaborne transportation provided by third parties. Furthermore, we commenced self-operated cross-border seaborne transportation in 2021 in response to the surging market demand. Despite limited supply in the market at the time, we were able to secure vessel resources for self-operated cross-border seaborne transportation timely by utilizing short-term charter and prioritizing delivery of vessels within Asia to improve utilization, primarily because of our long-term relationship with shipping brokers and our capability to secure such charter at a reasonable price based on our assessment to improve our competitiveness. We also have self-owned vessels to ensure vessel slots to meet the customer and market demand.

We strategically allocated more resources to self-operated cross-border seaborne transportation in 2022 and operated shipping routes with higher market demand, i.e. the China-Asia and China-Americas routes. As a result, our service volume of cross-border seaborne transportation provided by third parties decreased from 312,025 TEUs in 2021 to 255,613 TEUs in 2022, while the service volume of self-operated cross-border seaborne transportation increased from 68,244 TEUs in 2021 to 100,050 TEUs in 2022.

Our overall average price per TEU increased significantly from approximately RMB3,500 in 2020 to approximately RMB10,800 in 2021. The significant increase was primarily due to the commencement of self-operated cross-border seaborne transportation in 2021. As we further expanded the self-operated cross-border seaborne transportation service in 2022 and increased its service volume, our overall average price per TEU increased slightly from approximately RMB10,800 in 2021 to RMB12,300 in 2022.

Results of operations

The table below sets forth a summary of our revenue, gross profit and gross profit margin of our cross-border logistics services by type of vessels during the Track Record Period:

	Year ended December 31,								
	2020			2021			2022		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	(RMB in thousands, except percentages)								
Cross-border logistics services									
Cross-border seaborne transportation operated by us									
– Self-owned vessels	–	–	–	140,014	50,152	35.8	324,824	140,317	43.2
– Chartered-in vessels	–	–	–	1,798,962	320,867	17.8	2,278,226	226,040	9.9
	–	–	–	1,938,976	371,019	19.1	2,603,050	366,357	14.1

	Year ended December 31,								
	2020			2021			2022		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	(RMB in thousands, except percentages)								
Cross-border seaborne transportation provided by third parties	743,475	51,387	6.9	2,149,101	57,088	2.7	1,786,125	44,820	2.5
Cross-border logistics services-total/overall	743,475	51,387	6.9	4,088,077	428,107	10.5	4,389,175	411,177	9.4

During the Track Record Period, our revenue was primarily generated from cross-border logistics services. Revenue generated from cross-border logistics services accounted for 95.1%, 97.4% and 95.3% of our revenue in 2020, 2021 and 2022, respectively. Our revenue from cross-border logistics services is primarily driven by service volume, which is dependent upon the availability of our resources and market demand, as well as the price per TEU, which is, in turn, dictated by market demand as we follow a market-based pricing model. As such, our revenue was affected by the changes in service volume and average price per TEU during the Track Record Period.

Our cross-border seaborne transportation, the key step of cross-border logistics, is either operated by ourselves or provided by third parties. In 2021, we commenced self-operated cross-border seaborne transportation, which allows us greater flexibility in resource planning and cost management. During the Track Record Period, the cross-border seaborne transportation provided by third parties accounted for 100.0%, 52.6% and 40.7% of our revenue from cross-border logistics services in 2020, 2021 and 2022, respectively; while the self-operated cross-border seaborne transportation accounted for nil, 47.4% and 59.3% of our revenue from cross-border logistics services in 2020, 2021 and 2022, respectively.

Our revenue from cross-border seaborne transportation provided by third parties increased from RMB743.5 million in 2020 to RMB2,149.1 million in 2021. The increase was primarily due to (i) an increase in service volume from 212,371 TEUs in 2020 to 312,025 TEUs in 2021; and (ii) a significant increase in the average price per TEU from RMB3,500 in 2020 to RMB6,900 in 2021. We commenced self-operated cross-border seaborne transportation utilizing both chartered-in vessels and self-owned vessels and generated revenue amounting to RMB1,939.0 million in 2021.

Our revenue from cross-border seaborne transportation provided by third parties decreased from RMB2,149.1 million in 2021 to RMB1,786.1 million in 2022. The decrease was primarily due to a decrease in service volume from 312,025 TEUs in 2021 to 255,613 TEUs in 2022, as a result of our strategy to allocate more resources to develop our self-operated cross-border seaborne transportation. Our revenue from self-operated cross-border seaborne transportation increased from RMB1,939.0 million in 2021 to RMB2,603.1 million in 2022. The increase was primarily due to an increase in service volume from 68,244 TEUs in 2021 to 100,050 TEUs in 2022.

During the Track Record Period, our gross profit margin was affected by the performance of cross-border logistics services. The gross profit margin of our cross-border logistics services is primarily affected by the price per TEU, revenue contribution from cross border seaborne transportation operated by us and provided by third parties, cost structure of our operations and fluctuations in major cost components. The gross profit margin of the self-operated cross-border seaborne transportation is generally higher than that of the cross-border seaborne transportation provided by third parties as (i) we allocated more internal resources into self-operated cross-border seaborne transportation; and (ii) we save more freight fees paid to third-party shipping carriers than additional costs incurred in providing self-operated cross-border seaborne transportation services.

The gross profit margin of our cross-border logistics services increased from 6.9% in 2020 to 10.5% in 2021. The increase was primarily due to the commencement of self-operated cross-border seaborne transportation in 2021, which had a higher gross profit margin.

The gross profit margin of our cross-border logistics services decreased from 10.5% in 2021 to 9.4% in 2022. The decrease was primarily due to the decreased gross profit margin of our self-operated cross-border seaborne transportation service, mainly as a result of (i) an increase in vessel chartering costs for our self-operated services utilizing chartered-in vessels which was in line with prevailing market rates; (ii) an increase in bunker costs as a result of an increase in global fuel prices in 2022, partially offset by savings in container costs as we purchased containers in 2021 and 2022 to support our services, thereby decreasing the need to lease containers.

See "Financial Information—Discussion of Results of Operations" for details.

Time Charter Services

We offer time charter services to our customers by hiring out various types of vessels owned by us or chartered in from third parties. Time charter refers to the hiring of vessel and crew for a specific period of time. We are responsible for providing seaworthy vessels with valid operating licenses and insurance, qualified crew members (outsourced from qualified third parties) to operate the vessels and the required repair and maintenance, while our customers are responsible for paying rental fees, fuel expenses and port charges and determining their shipping route.

The table below sets forth a summary of our revenue, gross profit and gross profit margin of our time charter services by type of vessels during the Track Record Period:

	Year ended December 31,								
	2020			2021			2022		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	(RMB in thousands, except percentages)								
Time charter services									
– Self-owned vessels	35,450	11,858	33.4	63,964	15,234	23.8	183,413	138,689	75.6
– Chartered-in vessels	–	–	–	43,352	13,496	31.1	35,341	(4,566)	(12.9)
Time charter services total/overall	35,450	11,858	33.4	107,316	28,730	26.8	218,754	134,123	61.3

During the Track Record Period, time charter services, to a lesser extent, also contributed to our revenue. Revenue generated from time charter services accounted for 4.5%, 2.6% and 4.7% of our revenue in 2020, 2021 and 2022, respectively, which is primarily affected by the number of vessels we chartered out, the charter periods and the charter rates.

Our gross profit margin of time charter services decreased from 33.4% in 2020 to 26.8% in 2021, primarily because the vessel chartering fees charged to our customers were fixed by the long-term agreements we entered in 2020, and our costs for such vessels increased in 2021 due to market conditions.

Our gross profit margin of time charter services increased from 26.8% in 2021 to 61.3% in 2022, primarily due to increased average daily charter rates pursuant to the new contracts signed in 2022, which was in line with the higher prevailing market rates in 2022 than that of 2021. In 2022, we recorded a negative gross profit margin of 12.9% for our time charter services using chartered-in vessels, which was primarily attributable to (i) repair and maintenance performed in 2022 for approximately two months, during which no income was generated, and (ii) a lower charter-out rate charged to our customer pursuant to a service contract signed in April 2021 while our operating costs, such as crew wages and crew deployment costs, increased throughout 2022.

In 2020, 2021 and 2022, we recorded net profit for the year of RMB27.5 million, RMB392.0 million and RMB386.3 million, respectively. The significant increase in net profit from 2020 to 2021 was primarily driven by (i) an increase in our gross profit from RMB63.8 million in 2020 to RMB456.8 million in 2021 as a result of the increase in our revenue and gross profit margin, as we commenced self-operated cross-border seaborne transportation service in the first half of 2021; and (ii) an increase in our other income and gains from RMB9.8 million in 2020 to RMB23.7 million in 2021. Our net profit in 2022 decreased slightly as compared to that in 2021. The decrease was primarily due to (i) an increase in administrative expenses in 2022, mainly as a result of the incurrence of [**REDACTED**], and (ii) the impairment losses on assets held for sale recorded in 2022 relating to our containers to be disposed of. See "Financial Information—Description of Selected Items from Consolidated Statements of Profit or Loss" for details.

Our Vessels

We generally utilize our shipping capacity in time charter services after securing sufficient shipping capacity for our integrated cross-border logistics services, with reference to market conditions and charter rates. In 2020, we deployed all of our self-owned vessels under time charter services. In 2021, we commenced cross-border seaborne transportation operated by us. We then deployed two of our self-owned vessels under cross-border logistics services in 2021, and three of our self-owned vessels under cross-border logistics services in 2022. For chartered-in vessels, our decisions of deployment were made based on the volume of customer demand for cross-border logistics and the level of vessel chartering price. We did not charter in vessels in 2020. In 2021, we chartered in vessels mainly to support our cross-border logistics services in view of the increased market demand. We chartered in 14 vessels in 2021, among which 12 vessels were deployed under cross-border logistics services and two vessel was deployed under time charter services. In 2022, we chartered in more vessels to support our business expansion due to the further increased market demand in the first half of 2022. The number of vessels that completed cross-border logistics services increased from 8 in 2021 to 17 in 2022. See "Business—Our Services—Cross-border Logistics Services—Our fleet of vessels" for details.

The following table sets forth the utilization rates of our self-owned and chartered-in vessels for the years indicated:

	For the year ended December 31,		
	2020	**2021**	**2022**
Self-owned vessels[(1)]	78.8%	96.1%	92.5%
Chartered-in vessels[(2)]	–	99.5%	96.4%

Notes:

(1) The utilization rates of our self-owned vessels are calculated based on the number of days for which such vessels were in operation and able to generate revenue divided by the number of days for which such vessels were owned by us, during the relevant year. We consider vessels not in operation and unable to generate revenue when they are docked at shipyards for repair or maintenance, or parked at anchorage for repair and maintenance conducted at the sea or general idling.

(2) The utilization rates of our chartered-in vessels are calculated based on the number of days for which such vessels were in operation and able to generate revenue divided by the number of days for which such vessels were chartered-in by us, during the relevant year. We consider chartered-in vessels not in operation and unable to generate revenue when (i) vessels under time charter are docked for general idling and when (ii) vessels under bareboat charter are docked at shipyards for repair or maintenance, or parked at anchorage for repair and maintenance conducted at the sea or general idling.

We did not have chartered-in vessels in 2020. As such, the relevant utilization rate was nil. The utilization rate of our self-owned vessels in 2020 was lower than that in 2021 and 2022, primarily because the gap periods between the charters were relatively longer as a result of lower demand in our time charter services in 2020. The utilization rates of our self-owned and chartered-in vessels in 2022 were also lower than those in 2021, respectively, primarily due to necessary repair and maintenance work performed on certain self-owned and chartered-in vessels in 2022.

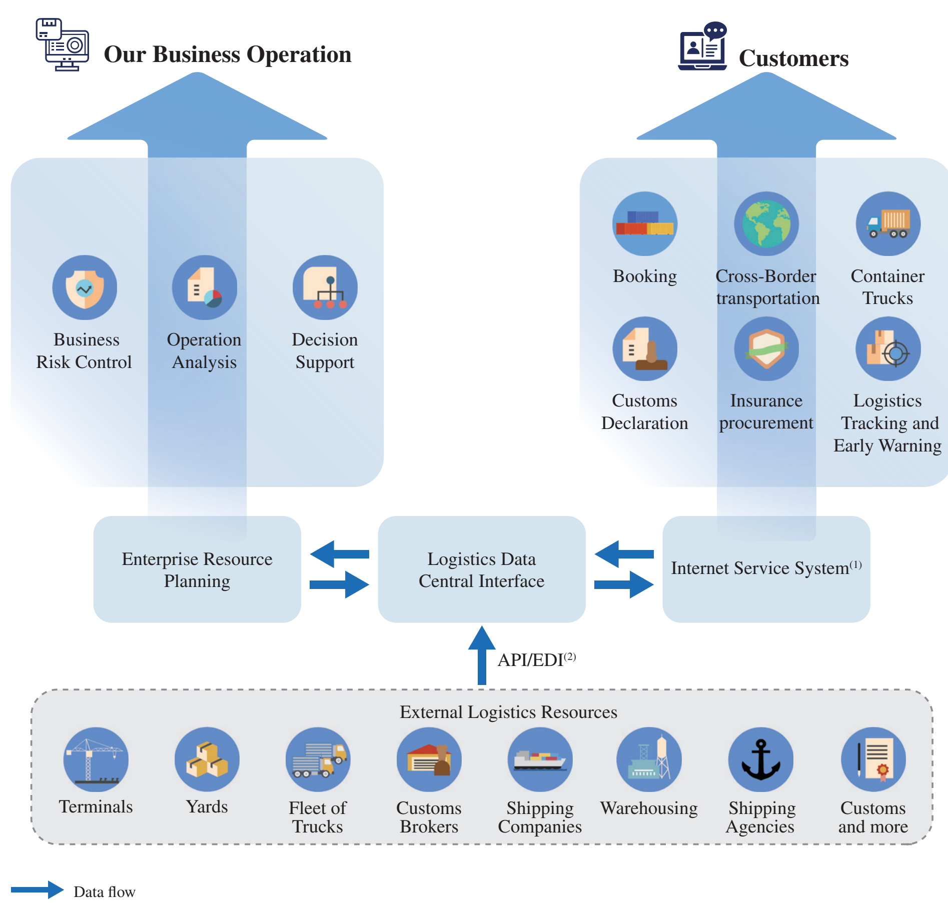
We manage our fleet of vessels to support the effectiveness and expansion of our business operation. We supervise our self-owned vessels to ensure that they are seaworthy and in compliance with the relevant laws and regulations. We have adopted policies and protocols with respect to the repair and maintenance of vessels to ensure that they are in seaworthy condition. See "Risk Factors—We may face unexpected costs for the maintenance of our logistics assets" for risks related to our vessel management.

In order to further improve our operational efficiency and maintain shipping capabilities, we entered into two shipbuilding agreements to order two first-hand ultra large container vessels, each with a capacity of 14,700 TEUs. These two vessels are expected to be delivered around 2025.

OUR INTERNET SERVICE SYSTEM

We believe that one of our competitive strengths is our ability to provide integrated cross-border logistics services to our customers through our internet service system, thereby enhancing the service experience in terms of efficiency and convenience and creating value for our customers.

Our internet service system, which mainly consists of our Lcang.com (樂艙網), LeCang WeChat Mini App (樂艙微信小程序) and the website of Sijin International (絲金國際), is a one-stop system on which our customers can order our cross-border logistics services and manage their orders. Our internet service system allows various traditionally offline procedures, including checking the shipping prices, booking vessel slots, tracking the status of the orders, managing bills of lading and invoices and account reconciliation, to be handled by our customers autonomously online. The data of our internet service system are synchronized with our internal ERP system and data from external third parties, as well as our central interface containing Lcang logistics data and resources. We also coordinate shipment by the intelligent algorithms of our internet service system. The intelligent system monitors shipment schedule, status of vessels and port availability, and provides prompt warning of any abnormal conditions during transit. The following diagram sets forth the data synchronization process of our internet service system:



Notes:

(1) Our customers connect to our internet service system through Lcang.com (樂艙網), the website of Sijin International (絲金國際) and Lcang WeChat mini-app (樂艙微信小程序).

(2) EDI (electronic data interchange) integrates data from external physical documents and processes the information into electronic format. API (application program interface) facilitates data flow in real time using cloud-based technology.

As a digitized system, our internet service system transforms the traditionally offline paper records and communication methods into online data for easier access and analysis. This helps us standardize our services, enhance our operational efficiency and reduce our labor costs. Through our internet service system, our customer services staff are able to communicate with our customers and respond to their enquiries timely. For the year ended December 31, 2022, more than 85.0% of our transactions in terms of order volume were completed or served by our internet service system.

OUR COMPETITIVE STRENGTHS

We believe the following strengths contribute to our growth and success:

- An industry player with full capacity to integrate industry resources and provide integrated cross-border logistics solutions;

- Diversified service portfolio and flexible business model to ensure operational efficiency and optimized customer experiences;

- Broad internet service capabilities to provide customers with accessible and convenient service experiences;

- A steadily growing number of customers and new sources of customers in line with industry trend; and

- Experienced management team.

MARKET POSITION AND COMPETITIVE LANDSCAPE OF OUR GROUP

The global market of cross-border logistics services has experienced significant growth in the past few years. Driven by the swift global expansion of Chinese brands and improved efficiency through digitalized logistics arrangements, the cross-border logistics service market in China has also developed rapidly. According to Frost & Sullivan, the cross-border logistics service market in the PRC is a highly competitive market that is both capital intensive and highly fragmented, with the top 15 service providers holding only an aggregate 12.2% market share in terms of revenue in 2022, among which we ranked 15th with an approximately 0.2% market share. The competition in the market is based primarily on supply and demand and we compete for vessels and charter contracts on the basis of price, vessel location, size, age, the condition of the vessel and our market reputation. In the highly fragmented markets in which we operate, competitors with greater resources may be able to offer lower charter rates and higher quality vessels than we are able to offer.

OUR STRATEGIES

We plan to implement the following strategies:

- Increase investments in strategic resources to deepen our global business footprint;
- Focus on cross-border e-commerce customers and further integrate cross-border logistics resources;
- Upgrade our integrated internet service system and enhance our resource integration capabilities; and
- Improve our ability to acquire new customers and expand our customer base.

INSURANCE

As a logistics service provider, we face a number of inherent risks in our ordinary course of business, such as cargo loss or damage, property loss, vehicle collision and business interruptions due to natural disasters, political unrest, hostilities or otherwise. We maintain insurance policies which cover, among others, containers, third-party liability, transportation risks, property loss and damage and workers' compensation for injury and death. In addition, we maintain charterer liability insurance to cover claims against us from our customers on the goods being transported where we are liable for the damage or loss to such goods, as we are generally not liable for any damage or loss to our customers' goods unless such damage or loss is caused by our negligence. We also maintain different types of insurance, including protection and indemnity insurance, charterer comprehensive insurance, hull insurance, pirate and ransom insurance and loss of hire insurance, to cover potential losses on our self-owned and chartered-in vessels. Our Directors believe that our insurance coverage is adequate and consistent with industry norm, having regard to our current operations and the standard commercial practice of the industry. See "Business—Insurance" for details.

SUMMARY OF FINANCIAL INFORMATION

Selected items of consolidated statements of profit or loss

The table below sets forth a summary of our consolidated statement of profit and loss for the years indicated:

	Year ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Revenue	781,524	4,195,393	4,607,929
Cost of sales	(717,738)	(3,738,556)	(4,062,629)
Gross profit	63,786	456,837	545,300
Profit before tax	30,105	407,723	395,383
Profit for the year	27,540	392,038	386,307
Attributable to:			
Owners of the parent	25,521	384,085	380,944
Non-controlling interests	2,019	7,953	5,363

Non-IFRS measures

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted by adding back [**REDACTED**]. We exclude such item because [**REDACTED**] is related to the [**REDACTED**] of our Company and one-off in nature. We define adjusted EBITDA (non-IFRS measure) as profit for the year adjusted by deducting interest income, and adding back (i) [**REDACTED**], which is related to the [**REDACTED**] of our Company and one-off in nature; (ii) finance costs; (iii) income tax expenses, and (iv) depreciation and amortization, which are non-cash in nature. We believe such non-IFRS measures facilitate the evaluation of our operating performance without the impact of its capital structure, tax impact and non-cash expenses from period to period. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for analysis of, or superior to, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. In 2020, 2021 and 2022, our adjusted net profit was [**REDACTED**] million, [**REDACTED**] million and [**REDACTED**] million, respectively. In 2020, 2021 and 2022, our adjusted EBITDA was RMB42.0 million, RMB455.8 million and RMB460.0 million, respectively. For details of these non-IFRS measures, see "Financial Information—Non-IFRS measures" in this document.

Selected items of consolidated statements of financial position

The following table sets forth our current assets and current liabilities in our consolidated statements of financial position as of each of the dates indicated:

	As of December 31,		
	2020	**2021**	**2022**
	(RMB in thousands)		
Current assets	185,971	839,546	638,679
Non-current assets	140,590	294,040	801,828
Current liabilities	204,740	626,167	505,070
Non-current liabilities	15,113	25,454	44,258
Net current (liabilities)/assets	(18,769)	213,379	133,609
Net assets	106,708	481,965	891,179
Non-controlling interests	7,688	5,992	12,270

We recorded net current assets of RMB213.4 million and RMB133.6 million as of December 31, 2021 and 2022, respectively. We recorded net current liabilities of RMB18.8 million as of December 31, 2020.

Our net current assets decreased from RMB213.4 million as of December 31, 2021 to RMB133.6 million as of December 31, 2022, primarily due to a decrease in the current portion of prepayments and other receivables from RMB317.8 million as of December 31, 2021 to RMB49.3 million as of December 31, 2022, as a result of a decrease in consideration receivables for disposal of containers, as such amount had been settled as of December 31, 2022.

We recorded net current assets of RMB213.4 million as of December 31, 2021, as compared to net current liabilities of RMB18.8 million as of December 31, 2020. The change was primarily due to an increase in prepayments and other receivables of RMB303.3 million, resulting from receivables of consideration from our disposal of containers, an increase in trade receivables of RMB194.0 million and an increase in cash and bank balance of RMB139.3 million.

Our net assets increased throughout the Track Record Period. Our net assets increased from RMB106.7 million as of December 31, 2020 to RMB482.0 million as of December 31, 2021, which was primarily attributable to our profit for the year in 2021 of RMB392.0 million. Our net assets increased further to RMB891.2 million as of December 31, 2022, which was primarily attributable to our profit for the year in 2022 of RMB386.3 million and exchange gain on translation of foreign operations of RMB85.9 million recognized as other comprehensive income in 2022. The increase in 2022 was partially offset by a deemed distribution arising from the Reorganization of RMB71.5 million in 2022.

See "Financial Information—Liquidity and Capital Resources—Current Assets/Liabilities" for details.

Selected items of consolidated statements of cash flow

The following table sets forth a summary of our consolidated statements of cash flows for the years indicated:

	Years ended December 31,		
	2020	2021	2022
	(RMB in thousands)		
Net cash flows from operating activities	50,908	504,943	585,347
Net cash flows used in investing activities	(31,578)	(395,215)	(346,991)
Net cash flows (used in)/from financing activities	(3,282)	32,402	(109,121)
Net increase in cash and cash equivalents	16,048	142,130	129,235
Cash and cash equivalents at beginning of year	32,147	50,669	190,005
Effect of foreign exchange rate changes, net	2,474	(2,794)	20,751
Cash and cash equivalents at end of year	50,669	190,005	339,991

See "Financial Information – Liquidity and Capital Resources."

DIVIDENDS

As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. Any dividends we pay will be determined at the recommendation of our Board at its absolute discretion, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board. Currently, we do not have a dividend policy or a pre-determined dividend rate.

No dividends have been paid or declared by the Company since its date of incorporation.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios during the Track Record Period:

	As of and for the year ended December 31,		
	2020	**2021**	**2022**
Gross profit margin[(1)]	8.2%	10.9%	11.8%
Adjusted EBITDA margin[(2)] (non-IFRS measure)	5.4%	10.6%	10.0%
Current ratio[(3)]	0.9	1.3	1.3
Gearing ratio[(4)]	41.7%	19.3%	8.6%
Return on equity[(5)]	29.1%	133.2%	56.3%
Return on total assets[(6)]	9.7%	53.7%	30.0%

Notes:

1. Gross profit margin is calculated by the gross profit divided by the revenue for the respective year and multiplied by 100%.

2. Adjusted EBITDA margin (non-IFRS measure) is calculated based on adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%.

3. Current ratio is calculated based on the current assets divided by current liabilities.

4. Gearing ratio is calculated based on the sum of interest-bearing borrowings divided by total equity for the respective year and multiplied by 100.0%.

5. Return on equity is calculated by the profit for the year divided by the average of opening and closing of total equity for the respective year and multiplied by 100%.

6. Return on total assets is calculated based on profit divided by the average of opening and closing of total assets for the respective year and multiplied by 100%.

From 2020 to 2021, our return on equity and return on total assets increased from 29.1% to 133.2% and from 9.7% to 53.7%, respectively. The increases were primarily due to the increase in our profit. See "Financial Information – Key Financial Ratios."

SUMMARY OF MATERIAL RISK FACTORS

We believe there are certain risks and uncertainties involved in investing in our Shares, some of which are beyond our control. See "Risk Factors" for details of our risk factors. Some of the major risks we face include (i) the cyclical nature of the cross-border logistics service industry could have a material and adverse effect on our business and results of operations; (ii) a slowdown or adverse development in regional or global economy may adversely affect the demand for our services and our business in general; (iii) we may not sustain our historical growth; (iv) we require a substantial amount of working capital and financial resources to sustain our business; (v) our prospects may be adversely affected by COVID-19 or other adverse public health developments; (vi) we face intense competition which could adversely affect our results of operations and market share; (vii) the success of our business depends on our customers' business performance and their continuing demand for our services; (viii) our business is subject to complex treaties, local laws and regulations; (ix) if there is a decrease in the level of exports of goods in the markets where we operate, our business, results of operations and prospects may be materially and adversely affected; (x) if we are unable to manage the capacity and/or terms of our chartered-in or chartered-out vessels effectively, our financial performance and results of operations may be adversely affected; and (xi) we could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that the [**REDACTED**] has been completed and [**REDACTED**] new Shares are issued pursuant to the [**REDACTED**]:

	Based on an [REDACTED] of HK$[REDACTED]	Based on an [REDACTED] of HK$[REDACTED]
Market capitalization of our Shares(1)	HK$[REDACTED] million	HK$[REDACTED] million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) The calculation of the market capitalization of our Shares is based on the assumption that [**REDACTED**] Shares will be in issue immediately following the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or any options that may be granted under the [**REDACTED**] Share Scheme.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated based on [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and does not take into account of any Shares which may be issued upon the exercise of the [**REDACTED**]. The unaudited pro forma adjusted net tangible assets per Share amounts are converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB[0.8821].

[REDACTED] EXPENSES

Based on the [**REDACTED**] of HK$[**REDACTED**] per Share, the total estimated [**REDACTED**] in relation to the [**REDACTED**] is RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised, which constitute approximately [**REDACTED**]% of the gross [**REDACTED**]. Our total [**REDACTED**] consist of (i) [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million) and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of RMB[**REDACTED**] million (HK$[**REDACTED**] million). During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] million, of which RMB[**REDACTED**] million was recognized in our consolidated statements of profit or loss, and RMB[**REDACTED**] million was recognized as prepayments in our consolidated statements of financial position as of December 31, 2022 to be accounted for as a deduction from equity upon the [**REDACTED**]. Subsequent to the Track Record Period, we expect to further incur [**REDACTED**] of RMB[**REDACTED**] million (HK$[**REDACTED**] million) prior to and upon completion of the [**REDACTED**], of which RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be recognized as expenses in our consolidated statements of profit or loss, and RMB[**REDACTED**] million (HK$[**REDACTED**] million) is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] to be incurred subsequent to the Track Record Period consist of (i) [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million) and (b) other fees and expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million). The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**]

We estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the estimated [**REDACTED**] and other estimated [**REDACTED**] payable by us in connection with the [**REDACTED**], assuming that an [**REDACTED**] of HK$[**REDACTED**] per Share (being the [**REDACTED**] of the indicative [**REDACTED**] range stated in this document) and assuming that the [**REDACTED**] is not exercised.

We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for setting up logistics facilities, including warehouses and container yards, purchasing trucks and investing in software systems for warehouse, order and transportation management in the next two years to enhance our integrated cross-border logistics services, particularly targeting cross-border e-commerce merchants, and to meet the needs of our expanding business operation.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for expanding our business coverage and global network. We plan to expand our integrated cross-border logistics service network by establishing branches and joint venture companies in key port cities and inland cities with active e-commerce business operation in other countries or regions we deem to have high growth potential by renting office space and recruiting employees. In particular, in the next two years, we plan to invest (i) HK$[**REDACTED**] million in expanding the business operations of our subsidiaries in Los Angeles, the United States; (ii) HK$[**REDACTED**] million in establishing a joint venture company in Manzanillo, Mexico; (iii) HK$[**REDACTED**] million in the business operation of our subsidiary in Melbourne, Australia, (iv) HK$[**REDACTED**] million in the business operation of our subsidiary in Singapore; and (v) HK$[**REDACTED**] million in the business operation of our subsidiary in Ho Chi Minh City, Vietnam.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for adopting digital technologies and upgrading internet service systems in providing integrated cross-border logistics services.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for strategic investments and/or acquisitions in businesses or assets that complement our business, although as of the Latest Practicable Date, we had no commitments or agreements to enter into any acquisitions or investments.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for establishing an non-truck operating carrier platform, which connects customers in need of truck transportation service provider to truck owners with such transportation capacity. Through this platform, we seek to integrate available truck resource in the market and attract potential customers who may need cross-border logistics services to further expand our customer base and promote our services.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, is expected to be used for general corporate purposes and working capital needs.

See "Future Plans and [**REDACTED**]."

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or any options that may be granted under the [**REDACTED**] Share Scheme), our ultimate Controlling Shareholders, namely Mr. Xu, Ms. Li and Ms. Liu, by virtue of the Acting in Concert Deed, will be entitled to exercise voting rights of approximately [**REDACTED**]% of the total issued share capital of our Company through the investment holding companies controlled by them. Accordingly, Mr. Xu, Ms. Li and Ms. Liu and the investment holding companies controlled by them, namely Lecang Boundless, Lecang Fantasy, Grand Sailing, Lecang Altitude, Peace Seaworld, Lecang Shining, Spring Wealth, Lecang Flourishing and Glorious Sailing, constitute a group of our Controlling Shareholders under the Listing Rules.

Pursuant to the Acting in Concert Deed, each of our ultimate Controlling Shareholders (being Mr. Xu. Ms. Li and Ms. Liu) had agreed and confirmed, among other things, that from the date they became the registered owners, the ultimate controllers and/or beneficial owners of the equity interests in our Group to the date when any of them ceases to be our Controlling Shareholder, they had been and would continue to be parties acting in concert. For details, see "Relationship with Our Controlling Shareholders—Acting in Concert Deeds."

[REDACTED] INVESTMENTS

We have attracted certain [**REDACTED**] Investors to raise funds for the development of our business. For further details of the identity and background of the [**REDACTED**] Investors, see "History, Reorganization and Corporate Structure—[**REDACTED**] Investments—Information Relating to our [**REDACTED**] Investors."

RECENT DEVELOPMENT

Business Development

Since February 2023, Shandong Lcang, a subsidiary of our Company, has entered into import agency agreements with clients in China to provide import agency services. Pursuant to the agreements, Shandong Lcang shall be engaged as the clients' import agent to procure goods on behalf of the clients from foreign suppliers and provide logistics services related to the import process. The import agency agreements have a term of one year. For each import of goods, the clients shall enter into a standalone import agency agreement with Shandong Lcang that sets forth the details of such import and pay Shandong Lcang an import agency fee calculated as an agreed-upon percentage of the total price of the goods to be imported. Going forward, we may consider extending this new business by incorporating our seaborne transportation services as well, so that we will handle more aspects of the import process and generate synergies for both our client and us. See "Business—Recent Market Changes and Certain Management Estimate—Launch of Import Agency Services and Supply Chain Solutions" for details.

Recent Market Changes and Certain Management Estimate

Our main business line, cross-border logistics services, is susceptible to prevailing market conditions. From 2020 to 2021, freight rates of global cross-border logistics service increased significantly. The significant increase was primarily due to insufficient shipping capacity in cross-border logistics industry and low efficiency of port operation, resulted from the COVID-19 pandemic and the relevant restrictive measures. It was also due to the surge in demand for cross-border transportation of consumer goods from online shopping. As the impact of COVID-19 pandemic reduces, the unwinding port congestion has been releasing shipping capacity into cross-border logistics industry. Since late 2022, freight rates of global cross-border logistics services have decreased. We expect that our revenue, gross profit and net profit will experience considerable decrease in 2023 as compared to our exceptionally strong performance in 2021 and 2022.

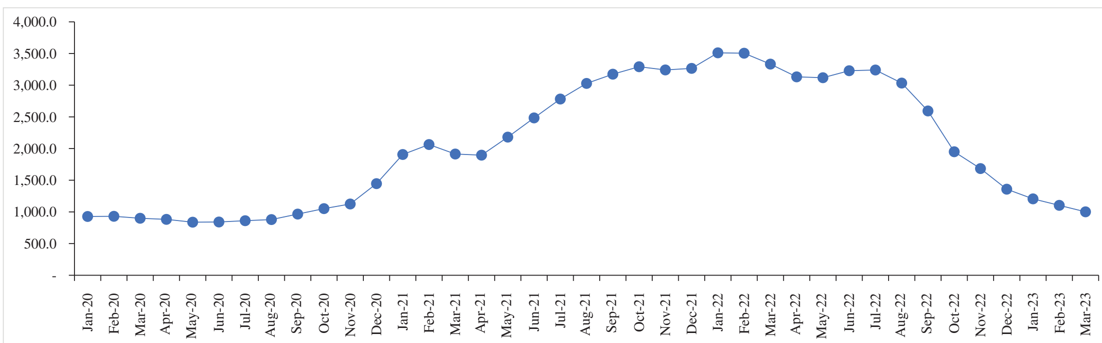
Impact of the Industry Freight Rate and Shipping Volume on Our Financial Performance

The cross-border logistics service industry is highly cyclical and characterized by a high degree of volatility in market freight rates. Such cyclicality is influenced by changes in the supply of and demand for vessel capacity and goods to be shipped, which is often underpinned by a broad range of macroeconomic factors. When there is low demand for cross-border logistics services, shipbuilding slows and the number of vessels idled or marked for scrap rises. When demand for cross-border logistics services increases due to changes in the market condition, and if supply is unable to quickly match such an increase in demand, charter rates and freight rates go up and shipbuilding resumes, eventually causing an increase in supply which then brings market charter rates down. Fluctuations in the cross-border logistics service industry are also closely linked to fluctuations in the business cycle, *i.e.*, demand for transportation services will decrease when the business cycle goes down. Please refer to "Risk Factors—The cyclical nature of the cross-border logistics service industry could have a material and adverse effect on our business and results of operations" for details.

The inherently cyclical nature of the cross-border logistics service industry provides opportunities and poses risks to its market players. Examples of market opportunities associated with such cyclical nature of the industry include the heightened freight rates that cross-border logistics companies are able to capture by charging its customers when such freight rates peak. However, heightened freight rates may also pose a risk for cross-border logistics service companies who often charter in to enhance their shipping capacity as the charter rates charged by vessel suppliers will also be at heightened levels. Another market opportunity is that market players may capitalize on the cyclicality by purchasing assets at a cheaper price or chartering in shipping capacity at relatively low market charter rates and then charter out such vessels at higher rates when market sentiments improve. Conversely, a major associated risk is that the ability to capitalize on any potential increases in market newbuilding rates and/or charter rates requires market players to have an astute understanding of the industry in order to quickly respond to such volatility and to gauge whether market sentiments will in fact increase. Additionally, there is no guarantee there will be an adequate demand for cross-border logistics services upon the completion of construction of newly built vessels which may pose a significant risk to market players. Please refer to "Risk Factors—Newbuilding projects are subject to risks that could cause delays, cost overruns or cancelation of our newbuilding contracts and could incur significant indebtedness and outflow of cash" for details.

The China Average Composite Containerized Freight Index is a freight rate index formulated by the Shanghai Shipping Exchange, which measures the periodical container shipping cost for certain routes departing from China. Market players in the cross-border logistics service industry often refer to the China Average Composite Containerized Freight Index when gauging whether freight rates offered are in line with the prevailing market conditions. The chart below sets forth the monthly China Average Composite Containerized Freight Index during the Track Record Period and up to the Latest Practicable Date:

China Average Composite Containerized Freight Index
(Jan 2020-Mar 2023)



Source: Ministry of Transport of the People's Republic of China

During the Track Record Period, freight rates typically fluctuated in line with the movements in the China Average Composite Containerized Freight Index, which generally affected our financial performance. The China Average Composite Containerized Freight Index increased sharply from 970.6 in 2020 to 2,601.9 in 2021 and further to 2,807.0 in 2022, on an annual monthly average basis, and we recorded net profit for the year of RMB27.5 million, RMB392.0 million and RMB386.3 million, respectively, for the corresponding periods. Because of the COVID-19 pandemic, the global cross-border retail and e-commerce companies had an abnormally large amount of goods preparation and shipment from 2020 to 2021, resulting in unplanned disruption to the global supply chain, which in turn led to a sudden surge in demand for cross-border logistics services in 2021 as well as an increase in freight rates during the same period. The sudden surge in demand for cross-border logistics services in 2021 and the increasing trend exhibited by the China Average Composite Containerized Freight Index during 2021 and 2022 allowed existing cross-border logistics service providers like us to capture the market opportunity and recorded an exceptionally strong financial performance during the Track Record Period, in particular for the years ended December 31, 2021 and 2022. Since late 2022, there was a decline in the China Average Composite Containerized Freight Index, which decreased significantly to 1,001.3 in March 2023 as compared to 1,913.6 and 3,332.7 in March 2021 and March 2022, respectively, on a monthly basis. Nonetheless, it was still higher than the pre-COVID level, which was 856.4 in January 2019. According to Frost & Sullivan, fluctuation in the China Average Composite Containerized Freight Index is expected to continue in 2023. While the freight rates are expected to fluctuate during the short term, they are unlikely to fall below the pre-COVID level in 2019 in the long run because of the rapid growth in the global e-commerce market, the gradual recovery and sustainable development of China's export and import commerce as well as capacity adjustment made by shipping carriers to align with demand fluctuation, according to Frost & Sullivan. Please refer to "Industry Overview—The Market Size of Cross-border Logistics Service Market—Discussion of Shipping Volume and Freight Rates from 2023 to 2027" for further details.

Driven by the rapid growth of global e-commerce market and stable import and export activities, the shipping volume of global seaborne transportation market has remained relatively stable in recent years. According to Frost & Sullivan, the shipping volume of global seaborne transportation market is expected to maintain stable growth between 2022 and 2027 at a CAGR of approximately 3.2%. We believe that our service volume will remain sustainable in 2023. We plan to strategically develop our China-Asia and China-Americas routes, and enhance capacity at key logistics nodes (such as Los Angeles, Manzanillo, Lazaro Cardenas and Ho Chi Minh City), including setting up warehouses and container yards and purchasing trucks. In addition, we continue to seek and explore opportunities to leverage our cumulative cross-border logistics resources and integration capabilities to find new sources of revenue. Since February 2023, we have entered into import agency agreements with clients in China to provide import agency services. See "Business—Recent Market Changes and Certain Management Estimate—Launch of Import Agency Services and Supply Chain Solutions" for details.

As a result of the above, we believe that we will remain sustainable and profitable relying on (i) the flexibility of our business model that enables us to flexibly deploy vessels and other resources based on market condition for both cross-border logistics services and time charter services, and (ii) the stability of global container shipping volume, which is expected to grow steadily from 2023 to 2027, according to Frost & Sullivan. In response to the decline in freight rates since late 2022 and the rise of market uncertainties, we have strategically increased our focus on cross-border seaborne transportation services provided by third parties and time charter services in the first quarter of 2023 while we continue to closely monitor the prevailing freight rates, proactively assess our customer demand and remain committed to resuming our self-operated cross-border seaborne transportation services in the second quarter of 2023, when our management expects the cross-border logistics service market recovers and the freight rates become relatively stable. As a result, we expect that our revenue, gross profit and net profit will experience considerable decrease in 2023 as compared to 2021 and 2022. Please see "Risk Factors—We may not sustain our historical growth" for details.

Taking into account the financial resources available to us, including our cash and cash equivalents and potential external financing sources, our Directors are of the view, and the Joint Sponsors concur, that we have sufficient working capital to meet our present requirements, that is for at least the next 12 months from the date of this document.

See "Business—Recent Market Changes and Certain Management Estimate" for details.

Impact of Key Events in the Cross-Border Logistics Service Industry

Impact of bunker fuel expenses on our financial performance

Bunker costs are incurred to provide cross-border seaborne transportation operated by us, which are affected by the amount of consumed bunkers and the prevailing bunkers rates. Since we commenced self-operated cross-border seaborne transportation in 2021, we incurred bunker costs of approximately RMB162.4 million and RMB392.8 million for the years ended December 31, 2021 and 2022, respectively, representing approximately 4.3% and 9.7% of our cost of sales for the corresponding periods, respectively. The increase in our bunker costs from 2021 to 2022 was attributable to an increase in global fuel prices in 2022, which contributed to the decrease in our gross profit margin of our self-operated cross-border seaborne transportation from 19.1% in 2021 to 14.1% in 2022. See "Risk Factors—Changing fuel costs and interruptions of fuel supplies may reduce our profitability" for details.

The U.S. Ocean Shipping Reform Act

In June 2022, the Ocean Shipping Reform Act of 2022 (the "OSRA 2022") was signed into law in the United States. The legislation was introduced with the intention of cracking down on international ocean shipping costs and ease supply chain backlogs that are raising prices for consumers and making it harder for U.S. farmers and exporters to transport their goods to the global market and expresses the objectives of promoting the growth of exports from the U.S. through a competitive ocean transportation system and avoiding excessive detention and demurrage charges to shippers by ocean carriers. In particular, the legal reform introduces the ban on the carriers' unfair and/or unreasonable practices, refusal in transportation service or any other unfair or discriminatory methods against U.S. shippers, and unfair or discriminatory practices, especially in relation to any commodity group or type of shipment, or in relation to tariffs or charges. For example, the legislation requires the United States Federal Maritime Commission (the "**FMC**") to (i) investigate complaints about detention and demurrage charges charged by common ocean carriers, (ii) determine whether those charges are reasonable, and (iii) order refunds for unreasonable charges. According to the F&S Report, and our Directors concur that, the impact of OSRA 2022 is limited to the cross-border logistics service market as it will not cause significant meaningful structural changes but rather a reform of recommended practices in this industry.

We have strictly complied with the requirements of the FMC since the commencement of our routes to the United States under cross-border logistics services, including recording all relevant contracts and making announcements 30 days in advance for any adjustments to the freight rates and surcharges of these routes, to ensure that our operations related to such routes are in compliance. After the OSRA 2022 became effective, we adopted the following measures to ensure that our operations comply with such new rules:

(1) We communicated with the terminal operators and destination port agents in the United States, whom we have a business relationship with, before the OSRA 2022 became effective to discuss the invoicing matters of demurrage fees and make adjustments where appropriate, making sure that all relevant invoices and fee details will meet the requirements of the OSRA 2022.

(2) With regard to the new charging complaint procedure as stipulated in the OSRA 2022, we promptly published the details of our demurrage charges for import to the United States, the dispute resolution procedures and our contact information on our website to ensure compliance and transparency of our fee details, and standardize our dispute resolution procedures to enhance communication efficiency with customers and improve customer satisfaction.

(3) Pursuant to the OSRA 2022 requirements on the carrier's burden of proof and detailing of invoices, we have strengthened our documentation requirements for our routes to the United States. We have also strengthened our container management system to improve data docking with terminals, yards and agents. In doing so, we make sure the data accuracy of each logistics node and the rationality and compliance of our fee charges.

(4) We have not rejected any demand for export space from exporters in the United States and are willing to increase bookings of export cargo from the United States.

As of the Latest Practicable Date, the OSRA 2022, as well as the measures adopted by us, did not have material adverse impact on our business operation and financial condition.

Impact of the COVID-19 Outbreak

The COVID-19 pandemic has adversely affected the global economy and caused disruptions to the global supply chain. In China, the government has imposed strict COVID-19 prevention measures, including lockdowns, closure of workplace, restriction of mobility and mandatory quarantine requirements, which have adversely affected the production progress of the manufacturing industry in China. In view of the COVID-19 prevention measures in China, we have implemented measures aiming at preventing the spread of COVID-19 in our facilities. In addition, our employees would do COVID-19 test and wear masks in compliance with requirements from corresponding local governments.

The COVID-19 pandemic also had impact on the global cross-border logistics industry. Due to the outbreak of COVID-19, the worldwide restrictive measures in 2020 adversely impacted shipping capacity, port operation and labor supply of cross-border logistics. For example, COVID-19 quarantine measures limited available staff at ports and therefore reduced ports' operational efficiency. There were also port congestion and long delay of shipment arrival. As a result, services were reduced due to limited staff and ships that were available, which led to insufficient shipping capacities and supply in the cross-border logistics industry. On average, we experienced delay due to the COVID-19 pandemic and port congestion of approximately 14.6 days per affected voyage and 11.2 days per affected voyage in 2021 and 2022, respectively, and incurred additional vessel charter-in costs for the delayed period, which amounted to an approximately US$20.5 million and US$14.0 million in 2021 and 2022, respectively. Our shipping routes to the western United States were impacted the most, with a delayed period of approximately 22.2 days per affected voyage and 23.8 days per affected voyage in 2021 and 2022, respectively, and incurred additional vessel charter-in costs for the delayed period, which amounted to approximately US$18.5 million and US$13.2 million in 2021 and 2022, respectively, under the China-Americas route resulting from port congestion. The extra costs resulting from port congestion were calculated by the daily charter rates for chartered-in vessels and the number of days delayed due to port congestion. As a result of the imbalance between supply and demand, China Average Composite Containerized Freight Index increased significantly from 970.6 in 2020 to 2,601.9 in 2021, and further to 2,807.0 in 2022, showing a significant increase in market freight rates. Our revenue also grew from RMB781.5 million in 2020 to RMB4,195.4 million in 2021, and further to RMB4,607.9 million in 2022. In addition, the COVID-19 pandemic changed consumer's shopping habits. The pandemic has resulted in a shift in consumer behavior towards online shopping, which has boosted the e-commerce industry in China and driven the demand for cross-border logistics services to export Chinese products. The increase in demands of cross-border logistics services has, to some extent, led to the growth of our business. We believe the shift in consumer behavior towards online shopping is likely to have a long term positive impact on the cross-border logistics service industry.

Taking into account of the above, we believe the COVID-19 pandemic had positive impact on our business performance during the Track Record Period. Since late 2022, the impact of COVID-19 pandemic on the global cross-border logistics industry has reduced. The unwinding port congestion has released shipping capacity into market, and freight rates of global cross-border logistics services have decreased. We will continue to monitor the development of the pandemic and take appropriate actions in response to any future change. See "Business—Impact of the COVID-19 Pandemic."

New Filing Requirement in Relation to the Overseas Securities Offering and Listing of Domestic Companies

On February 17, 2023, the CSRC promulgated the Administrative Trial Implementation Measures for Filing of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the Notice on the Administrative Filing Arrangement Concerning Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (collectively, the "**Overseas Listing Trial Measures**"), which require indirect overseas offering and listing by PRC domestic companies to be subject to the CSRC's filing requirement starting from March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing by PRC domestic companies and will regulate both direct and indirect overseas offering and listing by PRC domestic companies.

According to the Overseas Listing Trial Measures, a PRC domestic company that seeks to offer or list securities in an overseas market, either directly or indirectly, are subject to completion of filing procedures with and reporting of relevant information to the CSRC. As advised by our PRC Legal Advisors, we are subject to the CSRC filing as the [**REDACTED**] constitutes an indirect overseas [**REDACTED**] and [**REDACTED**] by domestic companies under the Overseas Listing Trial Measures. We have submitted a filing to the CSRC for application of [**REDACTED**] of the Shares on the Stock Exchange and the [**REDACTED**] on April 13, 2023. The application documents were accepted by the CSRC on April 24, 2023. No other approvals from the CSRC are required to be obtained for the [**REDACTED**] of the Shares on the Stock Exchange, according to our PRC Legal Advisors. See "Regulatory Overview—Laws and Regulations Relating to Our Business in the PRC—Laws and Regulations Relating to Overseas Securities Offering and Listing of Domestic Companies" for details.

No Material Adverse Change

Our Directors confirm that, since December 31, 2022 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this document, there has been no material adverse change in our financial or trading position and there is no event which would materially affect the information shown in our consolidated financial information included in the Accountants' Report in Appendix I to this document.