

SUMMARY

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 the section headed “Risk factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this summary are defined or explained in the sections headed “Definitions” and “Glossary of Technical Terms” in this document.

OVERVIEW

We are an established cross-border e-commerce logistics service provider based in the PRC principally engaged in the provision of end-to-end cross-border logistics services. According to the F&S Report, we ranked eighth in the cross-border e-commerce logistics market in the PRC in terms of revenue in the cross-border e-commerce logistics industry in 2021. We provide various flexible and reliable delivery options to our customers and ensure that the parcels will be delivered in a time-efficient manner based on customers’ selection of express, standard or economic delivery options. At present, we are capable of providing overall management of the entire logistics process, including the determination of the delivery route, means of transportation, delivery costs control and fulfillment of customs requirements. Leveraging our ability in providing services for the entire logistics chain together with our suppliers, we also provide supply chain solutions to customers in the PRC and overseas. We offer our customers the flexibility to pick and choose the services they require us to perform within the logistics process, such as freight forwarding, customs clearance, recovery, warehouse operation, transportation and last-mile delivery. We offer customised solutions based on our customers’ specific requirements and formulate logistics solutions that suit their needs.

The following table sets forth a breakdown of our Group’s revenue and gross profit by business line during the Track Record Period:

	For the years ended 31 December						For the nine months ended 30 September					
	2020			2021			2021			2022		
	Revenue		Gross Profit		Revenue		Gross Profit		Revenue		Gross Profit	
	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000
							(unaudited)		(unaudited)			
End-to-end cross-border delivery												
— Express delivery ⁽¹⁾	673,479	44.5	77,159	609,967	45.1	79,676	416,976	43.5	55,230	559,707	60.5	46,529
— Standard delivery ⁽²⁾	379,153	25.1	944	415,516	30.7	(19,527)	290,333	30.3	3,454	138,104	14.9	9,656
— Economic delivery ⁽³⁾	302,588	20.0	16,949	51,449	3.8	130	41,441	4.3	367	28,634	3.1	2,471
	1,355,220	89.6	95,052	1,076,932	79.6	60,279	748,750	78.1	59,051	726,445	78.5	58,656
Supply chain solutions	154,769	10.2	26,670	275,524	20.3	38,955	208,392	21.8	27,804	198,138	21.4	16,401
Others ⁽⁴⁾	2,159	0.2	1,502	1,230	0.1	622	1,141	0.1	700	1,156	0.1	575
Total	1,512,148	100.0	123,224	1,353,686	100.0	99,856	958,283	100.0	87,555	925,739	100.0	75,632

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Notes:

- (1) Parcels delivered with express delivery service take approximately three to five business days to be delivered to the final destination.
- (2) Parcels delivered with standard delivery service take approximately six to nine business days to be delivered to the final destination.
- (3) Parcels delivered with economic delivery service take approximately 10 or more business days to be delivered to the final destination.
- (4) Others mainly include (i) IT system technological support and maintenance services; and (ii) selling of logistics-related materials.

We worked closely with renowned international and national-level suppliers for the provision of various logistics services to build our international logistics network. We maintained business relationships with Customer Group G, a Fortune Global 500 multinational logistics company group founded in the US, since 2005. We also became a business partner of Supplier Group A, a US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange since our acquisition of the Global Link group in 2017, which had had over seven years of business relationships with Global Link group prior to our acquisition of Global Link group. During the Track Record Period, (i) we had business relationship with over 1,100 suppliers. With the support of such comprehensive suppliers’ network, we are capable of providing end-to-end cross-border delivery services to different countries around the world. During the Track Record Period, we have delivered parcels to more than 220 countries/regions.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths will continue our presence and increase our market share in the logistics industry.

- (a) We have a broad service outlets and suppliers network providing extensive coverage in terms of geographical reach and service variety;
- (b) Our established track record of over 19 years in serving the logistics industry allows us to understand and adapt to our customers’ needs so as to strengthen our relationship with customers;
- (c) We have an experienced management team with a proven track record; and
- (d) We have proprietary IT systems contributing to increased operation efficiency.

For details, please refer to the section headed “Business — Our competitive strengths” in this document.

OUR BUSINESS STRATEGIES

Our business objectives are to achieve sustainable growth, further strengthen our market position in the cross-border e-commerce logistics service industry in the PRC, and create long-term value for our Shareholders. We intend to achieve our business objectives with the following business strategies:

- achieve greater scale and capacity and further our reach including (i) setting up new service outlets in the PRC; and (ii) expanding and upgrading our existing service outlets in the PRC.
- invest in and upgrade our information technology systems.

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For details, please refer to the section headed “Business — Our business strategies” in this document.

OUR BUSINESS MODEL

Our business model principally involves providing the following:

(i) End-to-end cross-border delivery service

We provide integrated international logistics services to our customers throughout the entire end-to-end logistics process to deliver their parcels to the destination countries or regions. Our services cover all major aspects of cross-border logistics processes, including parcel acceptance, warehousing, security check, repackaging, labelling, sorting, export customs declaration, international linehaul, customs clearance and last-mile delivery.

(ii) Supply chain solutions

We provide supply chain solutions tailored to the specific needs of different types of customers. We offer our customers the flexibility to pick and choose the services they require us to perform within the logistics process, such as freight forwarding, customs clearance, recovery, warehouse operation, transportation and last-mile delivery.

For details, please refer to the section headed “Business — Our business model” in this document.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers generally include trade customers from both traditional and e-commerce platforms, e-commerce sellers and other logistics service providers. For the years ended 31 December 2020, 2021 and the nine months ended 30 September 2022, sales to our five largest customers amounted to approximately RMB346.8 million, RMB432.2 million and RMB273.7 million, representing approximately 22.9%, 31.9% and 29.6% of our total revenue, respectively, and sales to our largest customer amounted to approximately RMB106.4 million, RMB218.6 million and RMB120.5 million, representing approximately 7.0%, 16.1% and 13.0% of our total revenue, respectively. We had established business relationships with our five largest customers during the Track Record Period for two to 18 years.

Our Suppliers

Our suppliers generally include international and national-level logistics service providers. For the years ended 31 December 2020, 2021 and the nine months ended 30 September 2022, purchases from our five largest suppliers amounted to approximately RMB823.2 million, RMB601.3 million and RMB495.1 million, representing approximately 61.4%, 50.5% and 61.2% of our total purchases, respectively, and purchases from our largest supplier, Supplier Group A, amounted to RMB379.3 million, RMB300.6 million and RMB341.9 million, representing approximately 28.3%, 25.2% and 42.3% of our total purchases, respectively. We had established business relationships with our five largest suppliers during the Track Record Period for two to 18 years.

For further details on our reliance on Supplier Group A, please refer to the section headed “Business — Our Suppliers — Reliance on Supplier Group A” in this document.

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SUMMARY OF KEY OPERATIONAL AND FINANCIAL INFORMATION

The following tables present a summary of our financial information during the Track Record Period extracted from “Financial Information” section in this document and should be read in conjunction with our financial information included in the Accountants’ Report set out in Appendix I to this document, including the notes thereto.

Highlight of our combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss for the periods indicated:

	Year ended 31 December		Nine months ended 30 September	
	2020	2021	2021	2022
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Revenue	1,512,148	1,353,686	958,283	925,739
Cost of Sales	(1,388,924)	(1,253,830)	(870,728)	(850,107)
Gross profit	123,224	99,856	87,555	75,632
Profit for the year/period	52,695	36,892	37,280	20,468

Our profit for the period decreased by approximately RMB16.8 million, or approximately 45.1% from approximately RMB37.3 million for the nine months ended 30 September 2021 to approximately RMB20.5 million for the nine months ended 30 September 2022. Such decrease was mainly attributable to the [REDACTED] incurred during the nine months ended 30 September 2022.

Our profit for the year decreased by approximately RMB15.8 million, or approximately 29.9% from approximately RMB52.7 million for the year ended 31 December 2020 to approximately RMB36.9 million for the year ended 31 December 2021. Such decrease was mainly attributable to the decrease in revenue from end-to-end cross-border delivery service for economic delivery service and express delivery service.

For further details, please refer to the section headed “Financial information — Comparison of results of operations” in this document.

Highlight of certain items of our combined statements of financial position

The following table sets out a summary of our combined statements of financial position as at the date indicated:

	As at 31 December		As at 30 September	As at 31 December
	2020	2021	2022	2022
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)
Current assets	345,217	492,461	486,087	427,386
Current liabilities	145,965	112,653	88,246	97,922
Net current assets	199,252	379,808	397,841	329,464

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As at 31 December 2020 and 31 December 2021, we had net current assets of approximately RMB199.2 million and RMB379.8 million, respectively. The increase was primarily attributable to (i) the increase in bank balances and cash of approximately RMB65.1 million; (ii) the increase in financial assets at fair value through profit or loss of approximately RMB62.2 million; and (iii) the increase in deposits, prepayments and other receivables of approximately RMB21.2 million which was partially offset by (i) the increase in accruals and other payables of approximately RMB5.3 million; (ii) the increase in contract liabilities of approximately RMB2.6 million; and (iii) the increase in the current portion of lease liabilities of approximately RMB2.9 million.

As at 30 September 2022, we had net current assets of approximately RMB397.8 million. The increase was primarily attributable to (i) the increase in trade receivables of approximately RMB12.6 million; (ii) the increase in deposits, prepayments and other receivables of approximately RMB9.8 million; (iii) the decrease in trade payables of approximately RMB24.1 million; and (iv) the decrease of income tax payables of approximately RMB3.4 million, which was partially offset by (i) the decrease in financial assets at fair value through profit or loss of approximately RMB53.9 million; (ii) the increase in accruals and other payables of approximately RMB3.1 million; and (iii) the increase in the current portion of lease liabilities of approximately RMB1.1 million.

For further details, please refer to the section headed “Financial information — Net current assets” in this document.

Highlight of our combined statements of cash flows

The following table sets out a summary of our combined cash flow statements for the periods indicated:

	Year ended 31 December		Nine months ended 30 September	
	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash from/(used in) operating activities	102,700	8,687	(57,788)	(16,585)
Net cash (used in)/from investment activities	(15,529)	(46,409)	(37,282)	(47,904)
Net cash (used in)/from financing activities	(57,537)	103,073	106,349	(8,917)
Net increase in cash and cash equivalents	29,634	65,351	11,279	22,402

We recorded net operating cash outflows for both the nine months ended 30 September 2021 and 2022 primarily because we generally made more sales in September, October and November of each year while we offered a credit term of up to 90 days to our customers, resulting an increase in trade receivables of approximately RMB64.1 million and RMB10.7 million for the nine months ended 30 September 2021 and 2022, respectively.

For further details of the movement of our cash flow, please refer to the section headed “Financial information — Combined statements of cash flows” in this document.

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Key financial ratios

The following table sets out key financial ratios of our Group during the periods indicated:

	Year ended 31 December		As at/Nine months ended 30 September
	2020	2021	2022
Current ratio	2.4 times	4.4 times	5.5 times
Gearing ratio	8.9%	3.4%	3.1%
Return on total assets	10.0%	5.5%	N/A
Return on equity	14.0%	6.7%	N/A
Net profit margin	3.5%	2.7%	2.2%

For detailed calculation method of those financial ratios, please refer to the section headed “Financial information — Analysis of key financial ratios” in this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the [REDACTED], Zi Yue and Gensis FAR Holdings Limited (天遠控股有限公司) will be interested in approximately [REDACTED]% and [REDACTED]% of our total issued share capital respectively (without taking into account any Shares which may be issued pursuant to the exercise of [REDACTED]), Zi Yue is an investment holding company and is wholly-owned by Mr. Wang. Gensis FAR Holdings Limited is a company wholly-owned by Hangzhou Aiyuan L.P., a limited partnership in which Mr. Wang is interested in approximately 37.88% of its equity interest.

Accordingly, immediately following completion of the [REDACTED] and the [REDACTED], Mr. Wang will be interested in approximately [REDACTED] of our total issued share capital through Zi Yue and Gensis FAR Holdings Limited (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Mr. Wang, Zi Yue, Gensis FAR Holdings Limited and Hangzhou Aiyuan L.P. are our Controlling Shareholders. For details of our shareholdings and information about our Controlling Shareholders, please refer to the sections headed “History, development and Reorganisation” and “Relationship with Controlling Shareholders”, respectively, in this document.

RISK FACTORS

There are certain risks involved in our business operations and in connection with the [REDACTED], many of which are beyond our control. The risks can be broadly categorised as (i) risks relating to our business and our industry; (ii) risks relating to conducting business in the PRC; (iii) risks relating to our corporate structure; (iv) risks relating to the [REDACTED]; and (v) risks relating to the statements made in this document. The occurrence of any of the events set out in the section headed “Risk factors” in this document could materially and adversely affect our, business, prospects, financial condition and results of operations. The following is a non-exhaustive list of some of our risk factors:

- Our cross-border e-commerce logistics service provider business is significantly affected by changes in global economic and social conditions.

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- We face risks related to severe weather conditions and other natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19.
- We operate in a competitive industry, and if we fail to compete effectively, our business and profitability could suffer.
- Our business relies on our suppliers. Increases in their operating costs or failure to maintain partnerships with them may adversely affect our business.
- Fluctuations in the price or availability of fuel, may adversely affect our results of operations.

As different investors may have different interpretations and criteria for determining the materiality of a risk, careful consideration should be paid to the entire section headed “Risk factors” in this document before you decide to invest in the [REDACTED]. Additionally, prospective investors are strongly advised to read the whole of this document and give careful consideration as to how much weight or importance they should place upon any information which is not contained in this document when making their investment decisions regarding our Shares.

[REDACTED]

We estimate that we will receive [REDACTED] of approximately [REDACTED] (equivalent to approximately [REDACTED]) after deducting [REDACTED] and other estimated expense paid and payable by us in relation to the [REDACTED] without deducting any [REDACTED] assuming [REDACTED]. We intend to use the [REDACTED] as follows: (a) approximately [REDACTED] (equivalent to approximately [REDACTED]), representing approximately [REDACTED] of the [REDACTED], is expected to be used for setting up new service outlets and expanding and upgrading our existing service outlets in the PRC; (b) approximately [REDACTED] (equivalent to approximately [REDACTED]), representing approximately [REDACTED] of the [REDACTED], is expected to be used for investing in and upgrading our information technology systems; and (c) approximately [REDACTED] (equivalent to approximately [REDACTED]), representing approximately [REDACTED] of the [REDACTED], is expected to be used as working capital and general corporate purposes. For details please refer to the section headed “Future plans and [REDACTED]” in this document.

[REDACTED]

Our Directors are of the view that the financial results of our Group for the year ending 31 December 2023 are expected to be adversely affected by the [REDACTED] in relation to the [REDACTED], the nature of which is non-recurring. The total [REDACTED] in relation to the [REDACTED], primarily consisting of fees paid or payable to professional parties and [REDACTED], are estimated to be approximately [REDACTED]. Among the estimated total [REDACTED], (i) approximately [REDACTED] is expected to be accounted for as a deduction from equity upon [REDACTED]; and (ii) approximately [REDACTED] will be recognised as expenses in our combined income statements, of which approximately [REDACTED] had been recognised up to 30 September 2022 and, approximately [REDACTED]

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million is expected to be recognised for the three months ended 31 December 2022, and the balance of approximately [REDACTED] is expected to be recognised during the year ending 31 December 2023.

RECENT DEVELOPMENTS

Impact of COVID-19

In December 2022, the PRC government eased the restrictions previously imposed with respect to the control of the COVID-19 pandemic. As a result, regional lockdowns, quarantine requirements and inter-region travel restrictions have been gradually lifted.

Given the recent relaxation of the strict pandemic control measures, we believe that while COVID-19 outbreaks have affected and may continue to affect our short-term growth, we do not expect such outbreaks to have a material adverse effect on our long-term overall business and financial performance. The actual impact caused by the COVID-19 pandemic will depend on its subsequent development. We cannot be entirely certain as to when the COVID-19 pandemic will be fully contained, and its impact will be completely alleviated. There remain significant uncertainties surrounding the COVID-19 outbreak and its further development as a global pandemic, considering the severe global situation and occasional regional resurgence of COVID-19 cases in certain areas in the PRC. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business operations.

Regulations relating to overseas securities offering and listing by domestic companies

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and the relevant supporting guidelines (collectively, the “**Listing Trial Measures**”) which will come into effect on 31 March 2023. The Listing Trial Measures is formulated to regulate overseas securities offering and listing activities by domestic companies, either in direct or indirect form (hereinafter referred to as “**overseas offering and listing**”). The Listing Trial Measures not only list out the circumstances where overseas offering and listing is forbidden, but also set out the conditions for determining the overseas offering and listing in indirect form. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Listing Trial Measures.

Pursuant to the Announcement relating to the Arrangement of Filing Management of 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》) issued on 17 February 2023 by the CSRC, domestic companies that have submitted valid applications for overseas listing and have not obtained the consent of the overseas regulatory authorities or the overseas stock exchange as at the date of implementation of the Listing Trial Measures, can reasonably arrange the timing of filing procedure as stipulated in the Listing Trial Measures, and should complete such filing procedure before the date of overseas issuance and listing. As at the Latest Practicable Date, the Listing Trial Measures are yet to take effect. As confirmed by our Directors after conducting verification work, even when the Listing Trial Measures become effective, there is no circumstance under which our Company shall not be allowed to list or offer securities in overseas markets. Our Directors also confirm that our Company has not received any enquiries, comments, instructions, guidance or other concerns from CSRC or any other PRC authorities with respect to our Company’s [REDACTED] plan. We will make

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filing in accordance with the Listing Trial Measures. If the Listing Trial Measures become effective in their current forms, our PRC Legal Adviser do not foresee any material impediment for our Company to comply with such regulations in any material respect having considered (a) due diligence conducted on our Company in different aspects including, but not limited to, equity, material assets, intellectual properties and litigation; (b) confirmations obtained by our PRC subsidiaries from relevant regulatory authorities; (c) enterprise credit reports of our PRC subsidiaries; (d) personal credit reports and certificates of no criminal records of the controlling shareholders, directors, supervisors and senior executives of our PRC subsidiaries; (e) confirmations from our PRC subsidiaries, the controlling shareholders, directors, supervisors and senior executives; (f) public searches conducted on our PRC subsidiaries, the controlling shareholders, directors, supervisors and senior executives. As such, our Directors, the Sole Sponsor and our PRC Legal Adviser are of the view that there had not been and will not be any material adverse actual or potential impact of each of the Listing Trial Measures on our Company, its listing plan and businesses.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that save for the estimated non-recurring [REDACTED] as disclosed in the paragraph headed [REDACTED] in this section, since 30 September 2022 and up to the date of this document, (i) there was no material adverse change in the market conditions and the industry and the regulatory environment in which our Group operates that affects our financial or operating position materially and adversely; (ii) there was no material adverse change in the business, revenue structure, trading, profitability, cost structure, financial position and prospects of our Group; and (iii) no event had occurred that would affect the information shown in our Accountants’ Report in Appendix I to this document materially and adversely.

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LITIGATION AND REGULATORY COMPLIANCE

As advised by our PRC Legal Adviser, we do not have any pending or threatened litigation, arbitration or administrative proceeding against our Group or our Directors during the Track Record Period, which could have a material adverse effect on our financial conditional or result of operations.

As advised by our PRC Legal Adviser and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we complied with all applicable laws and regulations in Hong Kong and the PRC in all material respects.

For further details, please refer to the sections headed “Business — Litigation” and “Business — Regulatory Compliance” in this document.

DIVIDENDS

During the Track Record Period, no dividends have been declared and paid by the companies now comprising our Group to their then respective shareholders.

Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to any applicable laws and regulations including the Companies Act and our Articles. Subject to the Companies Act and our Articles, our Company may in general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles, from time to time pay to our Shareholders such dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. The amount of any dividends to be declared and paid in the future may depend on, among other things, our dividend policy, results of operations, earnings, cash flows, financial conditions, capital requirements, etc. and there is no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. As confirmed by our Directors, we do not have any predetermined dividend distribution ratio.