

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

On 19 April 2017, Mr. Li JX and Mr. Li JM entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with respect to each of the members of our Group during the Track Record Period and shall continue to do the same as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the paragraphs headed “History, Reorganisation and corporate structure — Parties acting in concert” in this document.

Immediately following completion of the [REDACTED] and the Capitalisation Issue (assuming that the [REDACTED] is not exercised and no share is issued pursuant to the exercise of options which may be granted under the Share Option Scheme):

- (i) Goal Rise (being wholly-owned by Mr. Li JX and Mr. Li JM) will be interested in approximately [REDACTED]% of the issued share capital of our Company; and
- (ii) by virtue of the acting in concert arrangement between Mr. Li JX and Mr. Li JM which is confirmed and documented in the Concert Parties Confirmatory Deed, Mr. Li JX, Mr. Li JM and the company wholly owned by them, namely Goal Rise, will collectively continue to control more than [REDACTED]% of the issued share capital of our Company, they will be a group of Controlling Shareholders within the meaning of the GEM Listing Rules.

Save as disclosed above, there is no other person who will, immediately following the completion of the [REDACTED] and the Capitalisation Issue, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

RULE 11.04 OF THE GEM LISTING RULES

Each of the Controlling Shareholders, our Directors and their respective close associates do not have any interest in business apart from our Group’s business which competes or is likely to compete, directly or indirectly, with our Group’s business, which would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

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INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED] based on the following reasons:

Management independence

Our Company aims to establish and maintain a competent and independent Board to supervise our Group's business. The main functions of our Board include (i) approving our overall business plans and strategies; (ii) monitoring the implementation of the aforesaid policies and strategies; and (iii) managing our Group. We have an independent senior management team with expertise in our business, to implement our Group's policies and strategies.

Our Board consists of five Directors, comprised of two executive Directors and three independent non-executive Directors. Although two of our Controlling Shareholders, namely Mr. Li JX and Mr. Li JM, also serve as executive Directors, we consider that our Board and senior management will function independently from our Controlling Shareholders for the following reasons:

- (a) each of our Directors is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist; and
- (b) In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Save for the connected transaction between Guangzhou World-Link and Mr. Li JX, Mr. Li JM and their three brothers with respect to the leasing of a property at Guangzhou, our Group has not shared our operational resources, such as suppliers, customers, sales and marketing and general administration resources, with our Controlling Shareholders and/or their respective close associates.

As at the Latest Practicable Date, there were no business transactions between our Group and any of our Controlling Shareholders.

In light of the above, our Directors are of the view that we are independent of our Controlling Shareholders in terms of business operations.

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Financial independence

Our Group has our own financial management and accounting systems, accountant and administration department and independent treasury functions, and we make financial decision according to our own business needs.

During the Track Record Period and up to the Latest Practicable Date, the entire balance of our bank borrowings was secured by (i) pledge of properties and land use rights held by Mr. Li JX, Mr. Li JM and/or their family members; and (ii) the personal guarantee of Mr. Li JX and his wife, Ms. Chen. The securities will be released and the personal guarantees will be replaced by corporate guarantee of our Company upon [REDACTED]. Save as disclosed above, our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our Group’s business operations and our Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on our Controlling Shareholders after [REDACTED]. Having considered the above factors, our Directors consider that we have no financial dependence on our Controlling Shareholders.

Independence of major customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, have any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKINGS

Our Controlling Shareholders as covenantors (each of them, a “**Covenantor**” and collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be [REDACTED] on GEM; or (ii) the date on which that Covenantor and his/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder:

1. Non-competition

Each Covenantor jointly and severally and irrevocably undertakes and covenants to our Company (for itself and as trustee for and on behalf of its subsidiaries) that each of them will not, and will procure that its/his close associates (except any members of our Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, amongst other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by any member of our Group (including but not limited to the provision of a wide range of logistics services to meet the needs of our customers’ supply chains, including (i) transportation; (ii) warehousing; (iii) in-plant logistics; and (iv)

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customisation services) or contemplated to be carried on by any member of our Group, in the PRC or any other jurisdiction where our Group has conducted business as at the date of the Deed of Non-Competition or may conduct business from time to time in the future (“**Restricted Business**”).

2. New business opportunity

Each of the Covenantors hereby represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through our Group.

Each of the Covenantors further undertakes to refer to our Company within 10 days any and all new opportunities in connection with the Restricted Business (“**New Business Opportunity**”) which are identified by or made available to any of them.

Notwithstanding the aforesaid, the Deed of Non-Competition does not apply where:

1. any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business that has first been offered or made available to our Group, and that the offer should contain all information reasonably necessary for our Group to consider whether (i) such opportunity would constitute competition with any Restricted Business and (ii) it is in the interest of our Group and our Shareholders as a whole to pursue such opportunity, and our Company has, after review by the independent non-executive Directors, declined such opportunity to invest, participate, be engaged in or operate the Restricted Business either alone or with such third party or together with the Covenantor and/or its/his close associate(s), provided that the principal terms by which that Covenantor (or its/his close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company. A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted or does not constitute competition with the Restricted Business (the “Non-acceptance Notice”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company, or such longer period of time, not longer than 180 days to be specified by our Company by notice in writing to the Covenantors, where our Company’s acceptance of the New Business Opportunity is subject to the approval from the Stock Exchange or the independent shareholders of our Company or governmental or regulatory authorities;
2. each Covenantor having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that:
 - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of the relevant company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited accounts; or

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- (b) the total number of the shares held by the Covenantors and/or their respective close associates or in which they are together interested does not exceed 5% of the issued shares of that class of the company in question (the "Relevant Company"), provided that (i) the total number of the relevant Covenantors' representatives on our board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholdings in the Relevant Company; and (ii) at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and their respective close associates together hold.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each of the Covenantors will:

- (a) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance with and enforcement of the terms of the Deed of Non-Competition;
- (b) our Controlling Shareholders undertake to provide promptly all information requested by our Company which is necessary for the annual examination by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- (c) wherever our Board needs to consider and make any decision on whether to accept any New Business Opportunity or any other matters in relation to the Deed of Non-Competition, each of the Covenantors who is a Director and has a material interest in such matters shall abstain from voting on the relevant resolution(s) and shall also not be counted in the quorum;
- (d) wherever our Board needs to consider and make any decision on whether to accept any New Business Opportunity or any other matters in relation to the Deed of Non-Competition, each of the Covenantors who is a Director and has a material interest in such matters shall abstain from voting on the relevant resolution(s) and shall also not be counted in the quorum;
- (e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

In addition to the above, our Company will also adopt the following corporate governance measures:

- (a) disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by the independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it; and

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- (b) where the independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the Listing Rules.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Committee granting the [REDACTED] of, and the permission to deal in, the Shares, as described in this document, and (b) the [REDACTED] and dealings in the Shares on the Stock Exchange taking place.

As the Covenantors have given non-competition undertakings in favour of our Company (for itself as trustee for and on behalf of its subsidiaries), and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group's business independently of the Covenantors following the [REDACTED].