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 "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. 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. For cross-border seaborne transportation services operated by us, we deploy our self-owned vessels or chartered-in vessels to provide services to our customers directly. For cross-border seaborne transportation provided by third parties, we cooperate with third-party shipping carriers to procure shipping space for our customers.

The cross-border logistics service industry is highly cyclical and characterized by a high degree of volatility in market freight rates. In addition, fluctuations in the general macroeconomic environment typically have a material impact on the cross-border logistics service industry. See "Industry Overview—Global Cross-Border Logistics Service Market—The Market Size of Cross-border Logistics Service Market—Discussion of Shipping Volume and Freight Rates from 2023 to 2027" for details. In addition, we have made substantial capital commitments on vessel purchase during and after the Track Record Period. Our purchases of vessels and containers involve significant upfront capital expenditures and there is a risk that we may not be able to generate or raise sufficient funds to meet such capital requirements as and when required. Please see "Risk Factors—We require a substantial amount of working capital to sustain our business" for details. In light of the current volatile market conditions, we may experience great fluctuations and uncertainties in our operations and prospects in the next two or three years. In particular, if the market conditions significantly deteriorate, our revenue generated from both cross-border logistics services and time charter operation as well as our profitability are expected to decline, primarily because it is likely that the market freight rates will decrease and there will be reduced demand for vessels, which affects both of our business lines.

As of April 30, 2023, we had purchased four second-hand container vessels to gain vessel operation–related resources and capabilities. In June 2022, to further expand our fleet of vessels, achieve economies of scale and enhance our competitiveness and profitability, we entered into two shipbuilding agreements to order two first-hand ultra large container vessels, each with a capacity of 14,700 TEUs, at a total consideration of US$281.0 million, which, upon expected delivery in 2025, will be able to operate on a variety of major routes given their good adaptability. In July 2023, we entered into a memorandum of agreement to purchase another second-hand vessel with a capacity of 13,802 tons to further expand our shipping capacity and to take advantage of the favorable vessel prices in light of current market downturn. The vessel was delivered in August 2023. In view of the diverse needs of our customers, we have procured containers with different specifications and functions to provide different transportation services. Please see "Business—Our fleet of vessels" and "Business—Our containers" for details. In addition, we have 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.

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 by enabling us to gain timely insight into customer and market demand and adapt our service offering strategy, 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.

Due to the changing market conditions, which are not within our control, we need to promptly adapt our service offering strategy and adjust our business focus accordingly, *i.e.*, we may need to be flexible and cautiously allocate our shipping resources between our two business lines based on market conditions from time to time. For example, we commenced self-operated cross-border logistics services when market freight rates went up in 2021 and 2022 to capture the market opportunities resulted from a shortage of shipping supply. As a result, we were able to achieve significant growth in revenue and gross profit in 2021 and 2022 in large part due to our expansion into such service offering taking advantage of conducive market conditions at that time. 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; and 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 gross profit margin also increased from 8.2% in 2020 to 10.9% in 2021, and further to 11.8% in 2022. However, as market freight rates decreased significantly since the second half of 2022, we have paused the offering of self-operated cross-border logistics services. Our last shipment through self-operated cross-border logistics services arrived at its destination in Mexico in December 2022. We did not provide self-operated cross-border logistics services in 2023 up to the Latest Practicable Date, which we do not consider to be a material change in our business model (our fundamental business as a cross-border logistics services provider has remained the same), but instead an adaptation of our service offering strategy and a timely adjustment in our current business focus in response to the significant changes in market conditions. According to Frost & Sullivan, such timely adjustment in business focus in light of the drastic changes in the recent market conditions is not uncommon in the logistics service industry; for example, other peer companies in the logistics service industry have also scaled down their self-operated cross-border seaborne transportation services or similar operations in 2023. We will continue to monitor the prevailing market freight rates, proactively assess our customer demand and remain open to offer our self-operated cross-border seaborne transportation services as and when the conditions are favorable for us to do so. Our revenue and gross profit decreased from RMB2,011.1 million and RMB259.0 million, respectively, for the four months ended April 30, 2022 to RMB453.8 million and RMB113.7 million, respectively, in the same period in 2023; while our gross profit margin increased from 12.9% to 25.1% between the two periods mainly because of the increased proportion of revenue generated from time charter services, which had higher gross profit margins.

We will not be able to maintain our growth through our self-operated cross-border seaborne transportation services as we did in the past. In 2022, we recorded revenue from self-operated cross-border seaborne transportation of RMB2,603.1 million, which accounted for 59.3% of our revenue from cross-border logistics services in the same year. We also recorded gross profit from our self-operated cross-border seaborne transportation of RMB366.4 million with a gross profit margin of 14.1% in 2022. The gross profit margin of the self-operated cross-border seaborne transportation was generally higher than that of the cross-border seaborne transportation provided by third parties, and our overall gross profit margin of cross-border logistics services was 9.4% in 2022. As we have paused the offering of self-operated cross-border seaborne transportation so far in 2023 and will resume as and when the market conditions are favorable, we may not generate any meaningful revenue from this business line this year as the market conditions are beyond our control. Furthermore, solely for the purpose of illustration, based on the assumption that prevailing market conditions for the rest of 2023 will remain unfavorable for us to provide any self-operated cross-border seaborne transportation services, we expect that our overall gross profit margin of cross-border logistics services in 2023 will moderately decline from that in 2022 and return to the level in 2020, which was 6.9%, when we had not yet commenced any self-operated cross-border seaborne transportation services.

For the four months ended April 30, 2023, our overall gross profit margin of cross-border logistics services was 10.4%, representing a moderate decline from 12.1% for the same period in 2022. Additionally, our overall service volume of cross-border logistics services in 2022 was 355,663 TEUs, including a service volume of 255,613 TEUs of cross-border seaborne transportation provided by third parties and a service volume of 100,050 TEUs of self-operated cross-border seaborne transportation, which accounted for 71.9% and 28.1% of our overall service volume, respectively. For the four months ended April 30, 2023, our service volume of cross-border seaborne transportation provided by third parties was 78,862 TEUs, which was lower than the 88,086 TEUs in the same period in 2022 primarily due to favorable market conditions in early 2022, and our service volume of self-operated cross-border seaborne transportation was nil. Therefore, we expect that our overall service volume of the cross-border logistics services in 2023 will be lower than that of 2022. **As a result, 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.**

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. We have accumulated transportation related resources, which provides us with access to stable and reliable cross-border logistics services. Leveraging our own logistics assets and established relationships with domestic and overseas third-party suppliers, our cross-border logistics services cover the entire logistics process. 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. During the Track Record Period, our self-operated cross-border logistics services all covered cross-border seaborne transportation, while not all of our cross-border logistics services provided by third parties covered cross-border seaborne transportation. We offer customers the same range of services under our self-operated and third-party provided cross-border logistics services. A substantial portion of our customers under third-party provided services utilized cross-border seaborne transportation, while other customers opted to obtain seaborne transportation elsewhere and used other services provided by us in the logistics process, which generally have a lower price per TEU. As a result, our cross-border logistics services provided by third parties generally had a lower average price per TEU. We self-operate cross-border seaborne transportation services between China and overseas countries, including (i) Vancouver, Calgary, Edmonton, Halifax, Montreal, Saskatoon, Toronto and Winnipeg in Canada, (ii) Los Angeles, Houston, Chicago, Dallas, Detroit, Memphis, Seattle, Oakland and the port of Hueneme in the United States, (iii) Manzanillo, Lazaro Cardenas and Mexico City in Mexico, (iv) San Lorenzo in Honduras, (v) Hamburg in Germany, (vi) Rotterdam in the Netherlands, (vii) Zeebrugge in Belgium, (viii) Brisbane, Sydney and Melbourne in Australia, (ix) Ho Chi Minh City and Haiphong in Vietnam, (x) Tokyo, Osaka, Kobe and Yokohama in Japan, and (xi) Jakarta in Indonesia during the Track Record Period. Our main destinations by country are shown in the following map:

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.

Results of operations

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 affected by market demand as we generally follow a market-based pricing model. As such, our revenue was affected by the changes in service volume and price per TEU during the Track Record Period. The table below sets forth a breakdown of our service volume and average price per TEU by cross-border seaborne transportation operated by us or provided by third parties:

	Year ended December 31,						Four months ended April 30,			
	2020		2021		2022		2022		2023	
	Service volume	Average price per TEU	Service volume	Average price per TEU	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*	*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	39,501	30.9	–	–
Self-owned vessels	–	–	4,463	31.4	19,606	16.6	7,299	25.0	–	–
Chartered-in vessels	–	–	63,781	28.2	80,444	28.3	32,202	32.2	–	–
– Cross-border seaborne transportation provided by third parties	212,371	3.5	312,025	6.9	255,613	7.0	88,086	8.5	78,862	4.1
Total	**212,371**	**3.5**	**380,269**	**10.8**	**355,663**	**12.3**	**127,587**	**15.5**	**78,862**	**4.1**

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

Despite notable disruptions to the global supply chain in 2020, there was a sudden surge in demand for cross-border logistics services in China in 2021 due to the recovery of international trade and the fast growth of global e-commerce market, according to Frost & Sullivan. As an existing market player, we were able to capture the market opportunity by relying on (i) our experience in the operation, charter and management of vessels and the relevant resources, (ii) our capability of securing vessel slots through our widely connected business partners when demand arises, and (iii) recruitment of talent with cross-border seaborne transportation experience to manage our vessels and improve operation efficiency as well as the establishment of new offices (such as our Shenzhen office) to expand our service scope and customer network.

In response to the surge in market demand, we commenced self-operated cross-border seaborne transportation in 2021. Despite limited vessel resources across the industry, we were able to secure vessels for our cross-border logistics services by utilizing short-term charter, self-owned vessels and established relationships with business partners.

Changes in service volume

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. In 2022, we allocated more resources to self-operated cross-border seaborne transportation to operate 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. Subsequent to December 31, 2022 and as of the Latest Practicable Date, we did not provide self-operated cross-border seaborne transportation. Therefore, our service volume of self-operated cross-border seaborne transportation was nil in the four months ended April 30, 2023. The service volume of cross-border seaborne transportation provided by third parties was 78,862 TEUs in this period, which was lower than the 88,086 TEUs in the same period in 2022, primarily due to favorable prevailing market conditions in early 2022.

Changes in average price per TEU

According to Frost & Sullivan, while the volume of cross-border seaborne logistics services in China and across the globe increased in 2021 due to the surge in demand, the available vessel capacity failed to match the significant increased demand, which resulted in a sharp increase in freight rates. 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. In line with the market freight rate, 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. As we did not provide self-operated cross-border seaborne transportation in the four months ended April 30, 2023, our overall average price per TEU during this period decreased to approximately RMB4,100. It was also lower than the average price per TEU of cross-border seaborne transportation provided by third parties of RMB8,500 in the same period in 2022, primarily due to a decrease in market freight rates.

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,									Four months ended April 30,					
	2020			2021			2022			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	(RMB in thousands, except percentages)									*(Unaudited)*					
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%	182,528	95,512	52.3%	940	N/A[2]	N/A[2]
– Chartered-in vessels	–	–	–	1,798,962	320,867	17.8%	2,278,226	226,040	9.9%	1,037,597	126,360	12.2%	23,264	N/A[2]	N/A[2]
	–	–	–	1,938,976	371,019	19.1%	2,603,050	366,357	14.1%	1,220,125	221,872	18.2%	24,204[1]	12,720	52.6%
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%	750,607	16,495	2.2%	319,991	23,164	7.2%
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%	1,970,732	238,367	12.1%	344,195	35,884	10.4%

Notes:

(1) Revenue generated from self-operated cross-border seaborne transportation services in the four months ended April 30, 2023 represented demurrage and detention charges to our customers when our containers were not picked up and/or held over-time by our customers beyond the rental-free periods. Revenue of demurrage and detention we charged in the four months ended April 30, 2023 was related to our self-operated shipping routes to Mexico and Canada, where the corresponding shipments had been completed prior to December 31, 2022. The amount of such demurrage and detention charges were subject to negotiations between us and our customers before December 31, 2022, and were subsequently agreed during the four months ended April 30, 2023. We then billed our customers separately based on the agreement and recognized revenue on the basis that uncertainties associated with such demurrage and detention charges were subsequently resolved, so that the receipt of demurrage and detention charges are highly probable and a significant reversal of these charges will not occur.

(2) We did not provide any self-operated cross-border logistics services in the four months ended April 30, 2023 and recorded miscellaneous revenue as explained in note 1 above. The corresponding cost of sales primarily included container fees in relation to the storage of containers and depreciation and amortization of our containers. Accordingly, the related costs could not be allocated to each type of vessels.

Revenue from cross-border logistics services

During the Track Record Period, our revenue of cross-border logistics services was generated from the combination of self-operated and third-party provided cross-border seaborne transportation. The proportion of revenue contribution from self-operated and third-party provided cross-border seaborne transportation fluctuated during the Track Record Period, and the fluctuation is expected to continue due to changes in freight rates and vessel charter-in cost.

Cross-border seaborne transportation provided by third parties accounted for 100.0%, 52.6%, 40.7% and 93.0% of our revenue from cross-border logistics services in 2020, 2021 and 2022 and the four months ended April 30, 2023, respectively; while self-operated cross-border seaborne transportation accounted for nil, 47.4%, 59.3% and 7.0% of our revenue from cross-border logistics services in 2020, 2021 and 2022 and the four months ended April 30, 2023, respectively.

Revenue from 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.

Our revenue generated from self-operated cross-border seaborne transportation in the four months ended April 30, 2023 amounted to RMB24.2 million, representing 7.0% of our total revenue from cross-border logistics services, which represented demurrage and detention charges to our customers when our containers were not picked up and/or held over-time by our customers beyond the rental-free periods. Revenue of demurrage and detention we charged in the four months ended April 30, 2023 was related to our self-operated shipping routes to Mexico and Canada, where the corresponding shipments had been completed prior to December 31, 2022. The amount of such demurrage and detention charges were subject to negotiations between us and our customers before December 31, 2022, and were subsequently agreed during the four months ended April 30, 2023. We then billed our customers separately based on the agreement and recognized revenue on the basis that uncertainties associated with such demurrage and detention charges were subsequently resolved, so that the receipt of demurrage and detention charges are highly probable and a significant reversal of these charges will not occur.

Revenue from cross-border seaborne transportation provided by third parties

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 due to an increase in service volume and a significant increase in the average price per TEU.

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, as a result of our strategy to allocate more resources to develop our self-operated cross-border seaborne transportation.

For the four months ended April 30, 2023, RMB320.0 million, representing 93.0% of our total revenue from cross-border logistics services, was derived from cross-border seaborne transportation provided by third parties. We did not provide any self-operated cross-border logistics services during the same period due to market conditions.

Revenue generated per TEU of cross-border logistics services

During the Track Record Period, our revenue generated per TEU of cross-border seaborne transportation services operated by us was generally higher than that of cross-border seaborne transportation services provided by third parties, primarily because (i) during the Track Record Period, our self-operated cross-border logistics services all covered cross-border seaborne transportation, while some of the cross-border logistics services provided by third parties only covered those other services in the transportation process that generally have a lower average price per TEU; and (ii) during the Track Record Period, a majority of our self-operated cross-border seaborne transportation covered deep sea routes, such as China-Americas route, with a higher average price per TEU, while the cross-border logistics services provided by third parties covered a wider range of destinations.

Gross profit margin of cross-border logistics services

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 was 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 of 19.1% in 2021. The gross profit margin of our cross-border seaborne transportation provided by third parties decreased from 6.9% in 2020 to 2.7% in 2021, primarily due to the significant increase in freight fees as a result of the increase in market freight rates. The increase in market freight rates affected our revenue in terms of the average price per TEU we charged our customers, as well as our cost of sales in terms of the freight fees we incurred in our cross-border seaborne transportation provided by third parties. Fluctuations in market freight rates generally had a greater impact on our cost of sales than our revenue, as (i) we may not always be able to adjust our prices timely taking into account such cost increases in response to the market fluctuations; and (ii) apart from cross-border seaborne transportation, we also provided other logistics services such as ground transportation and other value-added services to our customers, the revenue from which was generally not directly related and less sensitive to fluctuations in market freight rates. At the same time, our cost of sales was more sensitive to the increase in market freight rates as freight fees constituted a substantial portion of cost of sales under our cross-border seaborne transportation provided by third parties. Such freight fee cost as a percentage of our revenue from cross-border seaborne transportation provided by third parties increased from 75.8% in 2020 to 87.3% in 2021. Accordingly, the overall impact of the increase in market freight rates resulted in a decrease in our gross profit margin of our cross-border seaborne transportation provided by third parties in 2021.

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 from 19.1% in 2021 to 14.1% in 2022, 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. The gross profit margin of cross-border seaborne transportation provided by third parties remained relatively stable at 2.7% and 2.5% in 2021 and 2022, respectively.

The gross profit margin of our cross-border logistics services decreased from 12.1% in the four months ended April 30, 2022 to 10.4% in the four months ended April 30, 2023. The decrease was primarily due to the decrease in revenue contributed by our self-operated cross-border logistics services as we paused offering such services in light of the market conditions in 2023. The gross profit margin of our cross-border seaborne transportation provided by third parties increased from 2.2% in the four months ended April 30, 2022 to 7.2% in the four months ended April 30, 2023, primarily due to a decrease in freight fees which was in line with the market freight rates. As stated above, fluctuations in market freight rates generally had a greater impact on our cost of sales than our revenue. Freight fee cost as a percentage of the revenue from cross-border seaborne transportation provided by third parties decreased from 89.0% in the four months ended April 30, 2022 to 75.0% in the same period in 2023. In addition, we also allocated more of our resources to cross-border seaborne transportation operated by third parties. The gross profit margin of our cross-border seaborne transportation provided by third parties in the four months ended April 30, 2023 restored to a similar level to that in 2020. See "Financial Information—Discussion of Results of Operations" for details.

According to Frost & Sullivan, since the alleviation of COVID-19 related restrictions in China and across the globe, there has been an increase in available vessel capacity to meet the demand of cross-border seaborne transportation. Accordingly, freight rates for cross-border seaborne transportation have decreased significantly since late 2022. In 2023 and up to the Latest Practicable Date, as we adjusted our service offering strategy in light of market conditions, we have not provided any self-operated cross-border seaborne transportation services. **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.** Please see "—Recent Developments" in this section for additional information.

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,									Four months ended April 30,					
	2020			2021			2022			2022			2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	(RMB in thousands, except percentages)														
										(Unaudited)					
Time charter services															
– Self-owned vessels	35,450	11,858	33.4%	63,964	15,234	23.8%	183,413	138,689	75.6%	26,846	18,781	70.0%	94,868	77,662	81.9%
– Chartered-in vessels	–	–	–	43,352	13,496	31.1%	35,341	(4,566)	(12.9)%	13,507	1,819	13.5%	12,310	177	1.4%
Time charter services total/overall	35,450	11,858	33.4%	107,316	28,730	26.8%	218,754	134,123	61.3%	40,353	20,600	51.0%	107,178	77,839	72.6%

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%, 4.7%, 2.0% and 23.6% of our total revenue in 2020, 2021 and 2022 and the four months ended April 30, 2022 and 2023, respectively, which is primarily affected by the number of vessels we chartered out, the charter periods and the charter rates.

The gross profit margin of our time charter services decreased from 33.4% in 2020 to 26.8% in 2021, primarily because our cost of sales related to such services increased significantly from RMB23.6 million in 2020 to RMB78.6 million in 2021, while we were not able to transfer such increase in costs to our customers primarily as the charter-out rates charged to our customers for two vessels were fixed by the long-term service contracts entered in 2020, which were lower as compared to the market rates in 2021. One of the contracts was entered into in December 2020 and completed in January 2022, and the other was entered into in April 2020 and completed in May 2021. The average daily charter rates of our chartered-out vessels, calculated by our revenue of time charter services divided by the number of days for which the vessels were in operation and able to generate revenue, was approximately RMB35,000 and RMB73,000 in 2020 and 2021, respectively.

The gross profit margin of our time charter services increased from 26.8% in 2021 to 61.3% in 2022, primarily due to increased average daily charter rates from approximately RMB73,000 in 2021 to approximately RMB191,000 in 2022 pursuant to the new service 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.

The gross profit margin of our time charter services increased from 51.0% in the four months ended April 30, 2022 to 72.6% in the four months ended April 30, 2023, primarily due to the increased average daily charter rates from approximately RMB120,000 in the four months ended April 30, 2022 to approximately RMB190,000 in the same period in 2023 as the service contracts in effect in the four months ended April 30, 2023 were mainly entered into in 2022, when the market rates were relatively higher. For example, the service contract for our largest self-owned vessel was entered into in June 2022 and completed in May 2023.

Our Vessels

During the Track Record Period, we generally utilized 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. We may adjust our allocation of shipping resources between our two business lines based on market conditions from time to time. The table below sets forth the proportion of time in which our self-owned vessels were deployed under cross-border logistics services and time charter services for the periods indicated:

Our self-owned vessels	Type of vessel	Year of built	Capacity	For the year ended December 31,			For the four months ended April 30,	
				2020	2021	2022	2022	2023
			(TEU)					
BAL BOAN	Container feeder vessel	1996	1,050					
– Proportion of time deployed under cross-border logistics services[1]				–	–	–	–	–
– Proportion of time deployed under time charter services[2]				100.0%	100.0%	100.0%	100.0%	100.0%
BOYA	Container feeder vessel	2002	735					
– Proportion of time deployed under cross-border logistics services[1]				–	–	10.0%	–	–
– Proportion of time deployed under time charter services[2]				100.0%	100.0%	90.0%	100.0%	100.0%
BAL PEACE	Container feeder vessel	2002	1,618					
– Proportion of time deployed under cross-border logistics services[1]				–	76.1%	46.5%	100.0%	–
– Proportion of time deployed under time charter services[2]				100.0%	23.9%	53.5%	–	100.0%
BAL STAR	Container feeder vessel	2000	706					
– Proportion of time deployed under cross-border logistics services[1]				–	5.2%	76.9%	100.0%	–
– Proportion of time deployed under time charter services[2]				100.0%	94.8%	23.1%	–	100.0%

Notes:

(1) Proportion of time deployed under cross-border logistics services is calculated based on the number of days for which such vessels were deployed under cross-border logistics services divided by the number of days for which such vessels were in operation and able to generate revenue during the relevant period.

(2) Proportion of time deployed under time charter services is calculated based on the number of days for which such vessels were deployed under time charter services divided by the number of days for which such vessels were in operation and able to generate revenue during the relevant period.

The table below sets forth the movement in the number of our chartered-in vessels that commenced and completed deployment under cross-border logistics services and time charter services for the periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Chartered-in vessels at the beginning of the period	**–**	**–**	**5**	**5**	**3**
Movement during the relevant period					
– Chartered-in vessel commenced deployment under cross-border logistics services	–	12	15	5	–
– Chartered-in vessel commenced deployment under time charter services	–	2	1	1	1
– Chartered-in vessel completed deployment under cross-border logistics services	–	8	17	3	2
– Chartered-in vessel completed deployment under time charter services	–	1	1	1	1
Chartered-in vessels at the end of the period	**–**	**5**	**3**	**7**	**1**

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 periods indicated:

	For the year ended December 31,			For the four months ended April 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Self-owned vessels(1)	78.8%	96.1%	92.5%	97.9%	93.8%
Chartered-in vessels(2)	–	99.5%	96.4%	97.8%	100.0%

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 period. 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 period. 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. The utilization rate of our self-owned vessels in 2020 was lower than that in later periods of the Track Record Period, 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. The utilization rate of our self-owned vessels in the four months ended April 30, 2023 was lower than that in the same period in 2022, primarily due to necessary repair and maintenance work performed on certain self-owned vessels in this period in 2023. The utilization rate of our chartered-in vessels in the four months ended April 30, 2023 was higher than that in the same period in 2022, primarily because of necessary repair and maintenance work performed on certain chartered-in vessel in this period in 2022.

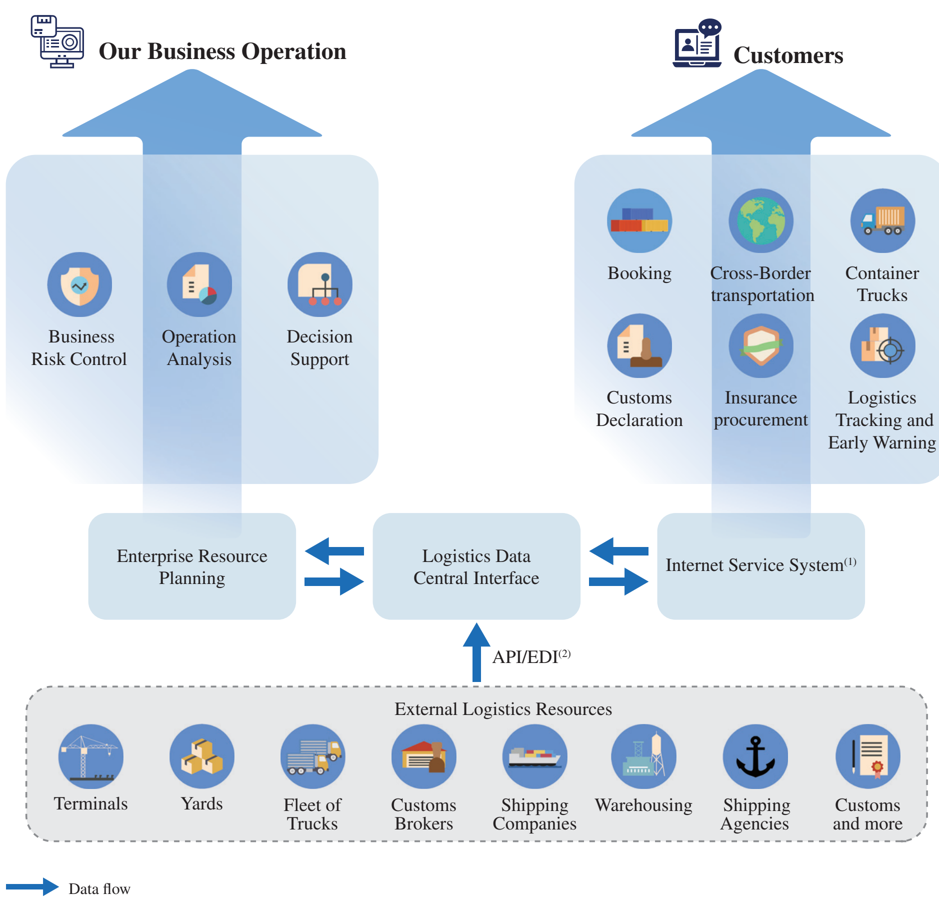
We manage our fleet of vessels to support the effectiveness and expansion of our business operation. We have adopted policies and protocols with respect to the repair and maintenance of vessels to ensure that they are in seaworthy condition and in compliance with the relevant laws and regulations. For our chartered-in vessels, we perform a comprehensive check on vessel condition before chartering them in. We closely monitor vessel charter-in price and aim to charter-in vessels at optimal pricing, generally without preset terms for hiring in and chartering out vessels. We strategically determine the term of charter period based on market conditions and charter rates. The management of capacity requires cost consideration and complex planning based on, among other things, our observations, assumptions and expectations on market trends. Any capacity mismatch may adversely affect our business operations and financial conditions. See "Risk Factors—We may face unexpected costs for the maintenance of our logistics assets" and "Risk Factors—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" for risks related to our vessel management.

To further expand our fleet of vessels, achieve economies of scale and enhance our competitiveness and profitability, 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. Purchasing ultra large vessels has a high entry barrier as a buyer needs to have strong overall credibility and competency to operate vessels at this level of capacity. Given our experience in operating deep-sea routes during the Track Record Period, we believe these two vessels will be able to supplement our existing fleet of vessels and allow us to significantly reduce our cost of sales per TEU, offer a competitive price to our customers and improve our sustainability in light of the current volatile market conditions. When demand for cross-border logistics services is high, we may deploy these two vessels to a variety of major routes to provide self-operated cross-border logistics service. When the market condition is fluctuating, we may consider chartering out these vessels to maintain stable profitability due to their good adaptability and economies of scale. In July 2023, we entered into a memorandum of agreement to purchase a second-hand vessel with a capacity of 13,802 tons at a purchase price of US$8.7 million to further expand our shipping capacity and to take advantage of the favorable vessel prices in light of current market downturn. The vessel was delivered in August 2023.

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 (綵金國際), 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 four months ended April 30, 2023, more than 75.0% 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.

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.

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.

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. In addition, as a carrier, we maintain insurance through the London P&I Club, which protects us from liabilities caused by shipping delays. In particular, a customer may only claim loss due to a shipping delay against us when the shipping delay causes direct damage of the quality of the shipped goods and the customer can show proof that the delay was directly related to carriers, then we will file such claim with the London P&I Club. In other events where the shipping delay causes damage or depreciation of the commercial value of the shipped goods, the customer will not be able to make a claim against us for loss due to such delay. 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 periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(Unaudited)	
Revenue	781,524	4,195,393	4,607,929	2,011,085	453,795
Cost of sales	(717,738)	(3,738,556)	(4,062,629)	(1,752,118)	(340,058)
Gross profit	63,786	456,837	545,300	258,967	113,737
Profit before tax	30,105	407,723	395,383	233,908	82,945
Profit for the year/period	27,540	392,038	386,307	228,317	83,990
Attributable to:					
Owners of the parent	25,521	384,085	380,944	223,597	83,012
Non-controlling interests	2,019	7,953	5,363	4,720	978

NON-IFRS MEASURES

We define adjusted net profit (non-IFRS measure) as profit for the corresponding period adjusted by adding back [**REDACTED**]. We exclude such item primarily because [**REDACTED**] is related to the [**REDACTED**] of our Company. We define adjusted EBITDA (non-IFRS measure) as profit for year/period adjusted by deducting interest income, and adding back (i) [**REDACTED**], which relates to the [**REDACTED**] of our Company; (ii) finance costs; (iii) income tax expense/credit, and (iv) depreciation and amortization, which are non-cash in nature. 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.

	Year ended December 31,			Four months ended April 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(Unaudited)	
Profit for the year/period	27,540	392,038	386,307	228,317	83,990
Add:					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

	Year ended December 31,			Four months ended April 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(Unaudited)	
Less:					
Interest income	889	177	2,081	1,434	90
Add:					
Depreciation of property, plant and equipment	6,056	26,986	34,566	8,214	12,465
Depreciation of right-of-use assets	2,044	2,564	4,434	1,246	1,714
Amortization of intangible assets	913	642	375	147	130
Finance costs	3,809	8,033	4,827	1,947	2,165
Income tax expense/credit	2,565	15,685	9,076	5,591	(1,045)
Adjusted EBITDA (non-IFRS measure)	42,038	455,771	459,974	244,028	103,131

In 2020, 2021 and 2022 and the four months ended April 30, 2022 and 2023, we recorded net profit of RMB27.5 million, RMB392.0 million, RMB386.3 million, RMB228.3 million and RMB84.0 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 [**REDACTED**] incurred, and (ii) the impairment losses on assets held for sale recorded in 2022 relating to our containers to be disposed of. Our net profit decreased in the four months ended April 30, 2023 as compared to the same period in 2022, primarily due to the decrease in revenue as a result of the decreased business activities due to market conditions. See "Financial Information—Description of Selected Items from Consolidated Statements of Profit or Loss" for details.

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,			As of April 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Current assets	185,971	839,546	638,679	410,591
Non-current assets	140,590	294,040	801,828	989,431
Current liabilities	204,740	626,167	505,070	385,176
Non-current liabilities	15,113	25,454	44,258	41,553
Net current (liabilities)/assets	(18,769)	213,379	133,609	25,415
Net assets	106,708	481,965	891,179	973,293
Non-controlling interests	7,688	5,992	12,270	13,571

We recorded net current assets of RMB213.4 million, RMB133.6 million and RMB25.4 million as of December 31, 2021 and 2022 and April 30, 2023, respectively. We recorded net current liabilities of RMB18.8 million as of December 31, 2020.

Our net current assets decreased from RMB133.6 million as of December 31, 2022 to RMB25.4 million as of April 30, 2023, primarily due to the decrease in cash and bank balances as a result of cash used for installment payments for the purchase of new vessels in the four months ended April 30, 2023.

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. Our net assets increased from RMB891.2 million as of December 31, 2022 to RMB973.3 million as of April 30, 2023, which was mainly attributable to the profit generated during the period of RMB84.0 million.

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 periods indicated:

	Years ended December 31,			Four months ended April 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)			*(Unaudited)*	
Net cash flows from operating activities	50,908	504,943	585,347	206,249	44,822
Net cash flows (used in)/ from investing activities	(31,578)	(395,215)	(346,991)	167,028	(210,028)
Net cash flows (used in)/from financing activities	(3,282)	32,402	(109,121)	(21,068)	(22,751)
Net increase/(decrease) in cash and cash equivalents	16,048	142,130	129,235	352,209	(187,957)
Cash and cash equivalents at beginning of year/period	32,147	50,669	190,005	190,005	339,991
Effect of foreign exchange rate changes, net	2,474	(2,794)	20,751	16,495	(4,355)
Cash and cash equivalents at end of year/period	50,669	190,005	339,991	558,709	147,679

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 or for the year ended December 31,			As of or for the four months ended April 30,
	2020	2021	2022	2023
Gross profit margin(1)	8.2%	10.9%	11.8%	25.1%
Adjusted EBITDA margin(2) (non-IFRS measure)	5.4%	10.6%	10.0%	22.7%
Current ratio(3)	0.9	1.3	1.3	1.1
Gearing ratio(4)	41.7%	19.3%	8.6%	6.5%
Return on equity(5)	29.1%	133.2%	56.3%	N/A(7)
Return on total assets(6)	9.7%	53.7%	30.0%	N/A(7)

Notes:

1. Gross profit margin is calculated by the gross profit divided by the revenue for the respective years/periods 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 and due to related parties divided by total equity for the respective years/periods and multiplied by 100%.

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 for the year, divided by the average of opening and closing of total assets for the respective year and multiplied by 100%.

7. The ratios are not presented for incomplete years.

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. 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. Market players, including us, need to promptly respond to industry volatility to capture market opportunities and mitigate market risks. For example, in 2023 and up to the Latest Practicable Date, we adjusted our service offering strategy in light of market conditions and have not provided our self-operated seaborne transportation services. Our adjustment in service offering strategy may not be effective and may result in material deterioration in financial performance; (ii) we may not sustain our historical growth. Any market downturn, such as the significant decrease in market freight rates from the second half of 2022 to 2023, may result in a considerable decrease in our revenue, gross profit and net profit in 2023, so that our financial performance in 2021 and 2022 may not be applicable in the future. Our historical growth in revenue and gross profit was in large part driven by our expansion into self-operated cross-border seaborne transportation services, which we had not provided in 2023 and up to the Latest Practicable Date; (iii) a slowdown or adverse development in regional or global economy may adversely affect the demand for our services and our business in general; (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 demand for cross-border logistics 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[0.9160].

[**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**] expenses 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**] expenses of RMB[**REDACTED**] million, of which RMB[**REDACTED**] million and RMB[**REDACTED**] million was recognized in our consolidated statements of profit or loss in 2022 and the four months ended April 30, 2023, respectively, and RMB[**REDACTED**] million was recognized as prepayments in our consolidated statements of financial position as of April 30, 2023, to be accounted for as a deduction from equity upon the [**REDACTED**]. Subsequent to the Track Record Period, we expect to further incur [**REDACTED**] expenses 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$[**REDACTED**] million) is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. The [**REDACTED**] expenses to be incurred subsequent to the Track Record Period consist of (i) [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), and (ii) non-[**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**] expenses 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$[**REDACTED**] million from the [**REDACTED**], after deducting the estimated [**REDACTED**] and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], assuming that an [**REDACTED**] of HK$[**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 expand the business operations of our subsidiaries in Los Angeles, the United States, Melbourne, Australia, Singapore and Ho Chi Minh City, Vietnam, and establish a joint venture company in Manzanillo, Mexico.

- 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 a trucking service matching 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 Deed."

[**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 DEVELOPMENTS

Vessel Purchase

In July 2023, we entered into a memorandum of agreement to purchase a second-hand vessel with a capacity of 13,802 tons at a purchase price of US$8.7 million to further expand our shipping capacity and to take advantage of the favorable vessel prices in light of current market downturn. The vessel was delivered in August 2023. It is a mid-size multipurpose vessel and was built in 2008. Given the current market conditions, we plan to deploy this vessel for our time charter services as our time charter services have generated relatively stable revenue and gross profit since the second half of 2022.

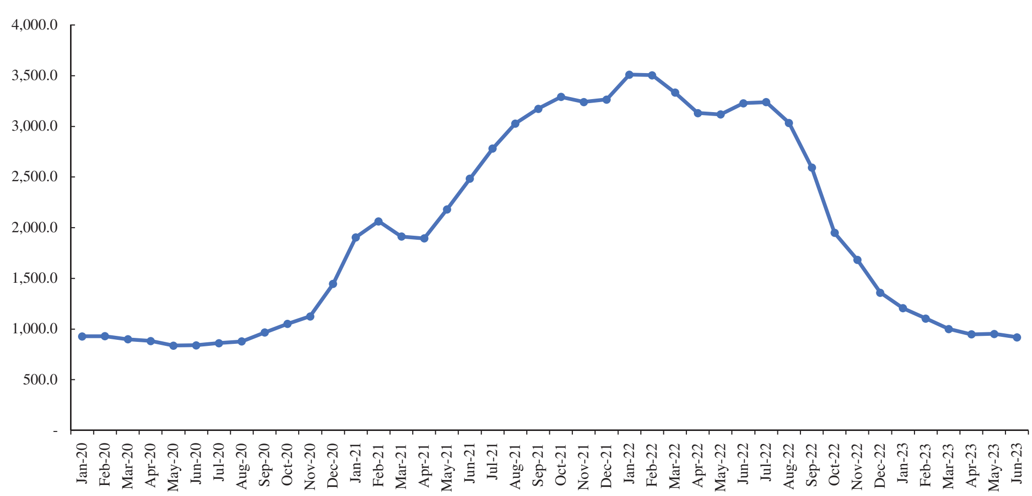
Recent Market Changes and Certain Management Estimate

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 demand for cross-border logistics services increases due to changes in the market conditions, and if supply is unable to quickly match such an increase in demand, charter rates and freight rates go up, eventually causing an increase in supply which then brings market charter rates and freight rates go 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 China Average Composite Containerized Freight Index and Market Freight Rates

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 June 30, 2023:

China Average Composite Containerized Freight Index
(Jan 2020-Jun 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. Due to the sudden surge in demand for cross-border logistics services in China since 2021, there was a sharp increase in freight rates in 2021 and 2022. 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. However, the China Average Composite Containerized Freight Index had decreased significantly by over 50% since the second half of 2022, which decreased significantly to 918.9 in June 2023 as compared to 2,483.6 and 3,228.4 in June 2021 and 2022, respectively, on a monthly basis. Nonetheless, it was still higher than the pre-COVID level, which was 808.6 in June 2019. While, according to Frost & Sullivan, the freight rates are expected to fluctuate in 2023, 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. 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.

Our Business Adjustments In Light of Recent Market Changes

Market freight rates have deceased significantly since the second half of 2022, which informed us that, if we were to offer self-operated cross-border logistics services in such market environment, our profit margins would suffer significantly. Accordingly, we had not provided any self-operated cross-border seaborne transportation services in 2023 up to the Latest Practicable Date. Such adjustment in our business focus was made in view of (i) the uncertainty of profitability of our self-operated cross-border seaborne transportation services when freight rates decreased significantly; (ii) the relatively stable revenue and gross profit margin of third-party provided cross-border seaborne transportation services during the first three years of the Track Record Period, and (iii) the Company's preference to mitigate risks and operate prudently in times of market fluctuations. In the four months ended April 30, 2023, our service volume of cross-border seaborne transportation provided by third parties was 78,862 TEUs. During the same period, we chartered out five vessels, and the utilization rates of our self-owned vessels and chartered-in vessels were 93.8% and 100.0%, respectively. As of the Latest Practicable Date, we also chartered out four self-owned vessels and one chartered-in vessel to generate revenue from time charter services under charter arrangements expiring in 2023. We will continue to monitor the prevailing freight rates, proactively assess our customer demand and remain open to offer our self-operated cross-border seaborne transportation services as and when market conditions are favorable for us to do so.

During this transition period, we deployed and currently expect to continue to deploy our resources to provide cross-border seaborne transportation only through third parties as well as to provide our time charter services. As we adjust our operational focus in response to prevailing market conditions, we make dynamic and cautious adjustments in our internal resources and external arrangements in accordance with such adjustments in focus. Internally, we allocated containers flexibly to be utilized for our cross-border seaborne transportation services provided by third parties or our self-operated cross-border seaborne transportation services depending on the actual need. In addition, our existing staff for the self-operated cross-border seaborne transportation services, which is a team of ten dedicated employees with sufficient knowledge and expertise, are capable of supporting our cross-border seaborne transportation services provided by third parties during the transition. These staff also monitor the market freight rates and will be ready to resume the offering of the self-operated cross-border seaborne transportation services as and when the market conditions are favorable.

Estimated Committed Costs and Expenses Incurred for Our Self-Operated Cross-Border Seaborne Transportation Services in 2023

While our self-operated cross-border seaborne transportation services are on pause, we are incurring committed costs and expenses, including depreciation of containers, container storage fees, as well as salaries of the existing staff for self-operated cross-border seaborne transportation services. The depreciation of our containers are estimated to be no less than approximately RMB17.0 million for the year ended December 31, 2023 (no cash flow impact), while the container storage fees and the relevant staff salary are expected to be immaterial (based on such costs of RMB5.6 million incurred in the four months ended April 30, 2023 and our assumption of no self-operated cross-border seaborne transportation services in 2023 for the sole purpose of business evaluation). We do not consider these committed costs and expenses are material to our overall business and results of operations.

Additionally, as we only incur vessel chartering costs, port charges, bunker costs and cargo transportation costs for self-operated cross-border seaborne transportation services when we resume such services, we do not anticipate to incur these costs during the transition period in 2023. We do not have idled crew members during the transition period. Our crew members hired for self-owned vessels are deployed when self-owned vessels are utilized for self-operated cross-border seaborne transportation services or time charter services, and a majority of our self-owned vessels were utilized for time charter services during the Track Record Period. As such, when we do not provide cross-border seaborne transportation services by ourselves, these crew members are utilized under time charter services. We only hire crew members for chartered-in vessels under bare-charter arrangements for time charter services. As such, we do not have excessive or idled crew members for chartered-in vessels. Externally, we carefully monitor our outstanding contract obligations to ensure that we are in compliance, and proactively discuss with our contractual parties to make consensual changes to avoid unnecessary costs. **Despite our continuous efforts in adapting our service offering strategy to changing market conditions, we expect that the Group will record a considerable decrease in our revenue, gross profit and net profit in 2023 due to the foregoing market trend and our business adaption in response to market changes.**

Our Business Sustainability Despite Recent Market Changes

Notwithstanding the foregoing, the Directors are of the view, and the Joint Sponsors concur, that the Group will remain profitable and sustainable, taking into the account: (i) the Group, with its self-owned vessels and logistics resources, has the ability to flexibly adjust its short-term or long-term service offering strategy based on market conditions, to generate positive cash flow and profit and (ii) the Group's long term profitability will improve as compared to its pre-COVID results of operations as we continue to accumulate shipping resources and expertise, customer base and relationships with business partners. According to Frost & Sullivan, the rapid growth of global e-commerce market is expected to continue, which, along with the sustainable development of trade activities between China and other economies, will support the stable growth of the volume of the global cross-border logistics from 2022 to 2027, with an expected CAGR of 3.2%, and the freight rates will unlikely fall below pre-COVID levels in the long run. In addition, we have commenced offering supply chain solutions that is a natural business extension of cross-border logistics services since February 2023. We also plan to cooperate with logistics companies to expand our service destinations and service volume.

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 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.

The inherently cyclical nature of the cross-border logistics service industry provides opportunities and poses risks to its market players, including us. Any market downturn, such as the significant decrease in market freight rates from the second half of 2022 to 2023, may result in a considerable decrease in our revenue, gross profit and net profit in 2023, so that our financial performance in 2021 and 2022 may not be applicable in the future. In order to navigate the changing market conditions, we need to respond to industry volatility to capture market opportunities and prevent market risks. Our adjustment in service offering strategy may not be effective and may result in material deterioration in financial performance. See "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" and "Risk Factors—We may not sustain our historical growth" for details.

Impact of the COVID-19 Pandemic

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. On July 19, 2023, the CSRC publicly informed us that they have confirmed the Company's overseas [**REDACTED**] and [**REDACTED**] information submitted to them, and therefore, we have completed the CSRC filing for application of [**REDACTED**] of the Shares on the Stock Exchange and [**REDACTED**]. 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

Save as disclosed in this section in "Recent Developments," our Directors confirm that, since April 30, 2023 (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.