This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to [**REDACTED**] *in the* [**REDACTED**].

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the H Shares are set forth in "Risk Factors" of this document. You should read that section carefully before you decide to* [**REDACTED**] *in the H Shares.*

OVERVIEW

We are a leading intralogistics equipment solution provider in China. During the Track Record Period, we primarily provided intralogistics equipment subscription services, maintenance and repair services, and sales of intralogistics equipment and parts, and mainly focused on intralogistics equipment subscription services. During the Track Record Period, intralogistics equipment subscription services contributed 65.2%, 63.0%, 61.8% and 55.9% of the total revenue in 2020, 2021, 2022 and the four months ended April 30, 2023.

Intralogistics equipment is an industrial machinery used to replace intensive labor in mechanical work, such as carrying, moving, sorting, and stacking of cargo and heavy loads, in manufacturing plants, logistics parks, warehouses, airports, ports, and other similar worksites. There are various types of intralogistics equipment, including but not limited to, forklifts, stackers, sorters, conveyors, etc. Subscription of forklifts, including counterbalanced forklifts, reach trucks, and walkie stackers, is important in the Company's intralogistics equipment subscription services. According to CIC, forklifts comprised around 92.9% of all intralogistics equipment in intralogistics equipment subscription services in 2022. Focusing on intralogistics equipment subscription services, we strive to provide enterprises with one-stop solutions for intralogistics equipment utilization and management. According to CIC, we are the largest intralogistics equipment solution provider in China in terms of revenue for 2022, accounting for 7.7% of the total market. Furthermore, we have established a service network aiming for coordinated equipment engagement and management. As of April 30, 2023, we had 67 offline service outlets in 47 cities throughout China, managing over 40,000 units of intralogistics equipment. During the Track Record Period, as part of the intralogistics equipment subscription services, the Company provided management optimization services to its customers, such as monitoring and management of the subscribed intralogistics equipment's operation, without extra charges in addition to intralogistics equipment subscription fees.

Intralogistics equipment utilization and management present inherent challenges, including high purchase and maintenance costs, a need for specialized expertise, and significant management complexity. However, it is not easy for enterprises to have satisfying services from traditional service providers which only provide equipment with limited maintenance services, as most enterprises are not experts in intralogistics equipment, and may need assistance in monitoring, checking and maintaining, and operating such equipment. Our customers are offered with different subscription arrangements in terms of equipment portfolio, equipment operation guidance, scheduled maintenance and repair, and real-time operation monitoring, which help customers to save costs related to fixed asset procurement and maintenance afterwards. According to CIC, intralogistics equipment solutions can help enterprises reduce costs by approximately 20% throughout the equipment's lifecycle compared to traditional intralogistics equipment procurement mode.

According to CIC, despite the growing demand for intralogistics equipment solutions in China, the penetration rate remains low at around 3.7% in 2022. In comparison, developed countries like the U.S. had a much higher penetration rate of approximately 54.6% in 2022, demonstrating significant potential for improvement and expansion in China. According to CIC, the market size of intralogistics equipment solutions in China is expected to reach RMB34.9 billion by 2027, representing a CAGR of 25.0% from 2022 to 2027. See "Business – Overview" for more information.

OUR BUSINESS MODEL

We invested in developing and improving our intralogistics equipment solutions, which comprise the following three business segments during the Track Record Period:

- **Intralogistics Equipment Subscription Services**: We provide intralogistics equipment to customers for their usage with value-added services, including but not limited to, equipment selection, on-site operation training, general and necessary maintenance and repair, and real-time monitoring of equipment status and operation through our Intelligent Asset and Operation Management Platform. In managing this business segment, we charge customers services fees mainly based on types and configurations of equipment selected, duration they use the subscribed intralogistics equipment, and customization of related services (if applicable).

- **Maintenance and Repair Services**: In this business segment, we generate revenue from providing on-site maintenance and repair services to customers for their intralogistics equipment. We charge fees either on project basis for one-off repair services, or based on service plans where we charge fees on monthly basis for certain contract period covering equipment specified in the relevant agreement.

- **Sales of Intralogistics Equipment and Parts**: We sell new and used intralogistics equipment to enterprises in China; and intralogistics equipment parts to enterprises in China and abroad. We conduct sales through our own sales team directly to end customers. We had a broad range of customers, such as manufacturers, logistics companies, and trading companies, with intralogistics need, including movement of heavy goods and material in indoor and limited outdoor spaces.

For details, see "Business – Our Business" in this document.

The following table sets forth a breakdown of our revenue by business segments for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (*unaudited*)	%	*RMB'000*	%
Intralogistics equipment subscription services	639,701	65.2	739,176	63.0	738,001	61.8	236,373	68.2	243,944	55.9
Maintenance and repair services	111,463	11.4	128,484	11.0	140,987	11.8	35,172	10.1	54,539	12.5
Sales of intralogistics equipment and parts	229,479	23.4	304,522	26.0	315,221	26.4	75,264	21.7	137,808	31.6
Total	980,643	100.0	1,172,182	100.0	1,194,209	100.0	346,809	100.0	436,291	100.0

The following table sets forth a breakdown of our revenue by geographic locations for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (*unaudited*)	%	*RMB'000*	%
Northern Region(1)	133,153	13.6	159,361	13.6	144,464	12.1	42,978	12.4	47,573	10.9
East Central Region(2)	495,579	50.5	566,548	48.3	555,364	46.5	172,205	49.7	213,757	49.0
Southern Region(3)	198,209	20.2	257,309	22.0	272,634	22.8	73,467	21.2	90,676	20.8
Western Region(4)	59,275	6.0	78,452	6.7	89,260	7.5	25,668	7.4	26,823	6.1
Overseas Region(5)	94,427	9.7	110,512	9.4	132,488	11.1	32,491	9.3	57,462	13.2
Total	980,643	100.0	1,172,182	100.0	1,194,209	100.0	346,809	100.0	436,291	100.0

Notes:

(1) Including Beijing, Tianjin, Hebei province, Shanxi province, Inner Mongolia province, Heilongjiang province, Jilin province, and Liaoning province

(2) Including Shanghai, Jiangsu province, Zhejiang province, Anhui province, Fujian province, Jiangxi province, Shandong province, Henan province, Hubei province, Hunan province, Shaanxi province, Gansu province, Qinghai province, Ningxia province, and Xinjiang province

(3) Including Guangdong province, Guangxi province, Hainan province, Hong Kong Special Administration Region, Macau Special Administration Region, and Taiwan province

(4) Including Sichuan province, Chongqing, Guizhou province, Yunnan province, and Tibet province

(5) Including over 100 foreign countries, such as United States, Thailand, Brazil, etc. In addition, all of the revenue from overseas regions was attributable to the sales of intralogistics equipment parts.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Intralogistics equipment subscription services	228,175	35.7	250,672	33.9	226,087	30.6	67,120	28.4	70,270	28.8
Maintenance and repair services	45,585	40.9	52,359	40.8	57,698	40.9	13,916	39.6	21,201	38.9
Sales of intralogistics equipment and parts	56,420	24.6	71,136	23.4	77,879	24.7	19,863	26.4	30,743	22.3
Total gross profit/overall gross profit margin	330,180	33.7	374,167	31.9	361,664	30.3	100,899	29.1	122,214	28.0

Leveraging our extensive experience in intralogistics equipment subscription business, we aim to offer one-stop intralogistics equipment solutions for our customers, covering the entire lifecycle of intralogistics equipment from equipment subscription, repair and maintenance, and disposal. The following flowchart illustrates the full cycle of our intralogistics equipment operation management services:

OUR STRENGTHS

We believe the following competitive strengths contributed to our success and position us for continued growth:

- pioneer and leading provider of intralogistics equipment solutions in China
- continuous improvement of intralogistics equipment operational efficiency benefited from highly synergistic service portfolio

- intelligent asset and operation management platform with IoT integration for efficient management

- comprehensive supply chain management that effectively connects upstream and downstream enterprises along the industry value chain

- service network with online and offline coverage serving multiple industries and large customer base

- visionary management team with profound industry experience

OUR STRATEGIES

To establish ourselves as the first choice for enterprises' intralogistics equipment utilization and management, we plan to implement the following strategies:

- to keep improving customer coverage and expanding the categories of intralogistics equipment

- to continue improving intralogistics equipment supply chain management capability

- to continually enhance our technological capabilities

- to explore strategic collaboration with various industry participants

OPERATIONAL PERFORMANCE

During the Track Record Period, we achieved significant growth in equipment fleet size. As of December 31, 2020, 2021, 2022 and April 30, 2023, we had 31,213 units, 36,257 units, 39,145 units and 40,644 units of intralogistics equipment, respectively. Our customer base has also grown steadily. The number of our customers increased from 7,477 in 2020 to 7,929 in 2021, and further to 8,170 in 2022. For the four months ended April 30, 2022 and 2023, the number of our customers increased from 5,237 to 5,711. In particular, a significant portion of our customer base comprises of manufacturing and logistics enterprises. In 2020, 2021, 2022 and for the four months ended April 30, 2023, in our customers, manufacturing enterprises amounted for 3,042, 3,094, 3,290 and 2,541, respectively; logistics enterprises amounted for 1,814, 1,929, 1,916 and 1,440, respectively.

In terms of our intralogistics equipment subscription service business, considering the customer's contribution to us individually, certain customers are deemed KA customers under our intralogistics equipment subscription service business segment. KA customer means a customer who (i) subscribed 50 units or more in that particular year/period, or (ii) subscribed 50 units or more in the preceding year and continued to subscribed intralogistics equipment (one unit or more) from us in that particular year/period under our intralogistics equipment subscription service business segment. KA customer retention rate equals total number of KA customers at the end of the given 12-month period carving out total number of new KA customers in that given 12-month period, divided by the number of KA customers as of the beginning date of the given 12-month period. We calculate net dollar retention rate in a given 12-month period by starting with all KA customers in the prior 12-month period. We calculate the revenue from the returning KA customers in the given 12-month period. We then divide the given 12-month period revenue by the prior 12-month period revenue contributed by the returning KA customers to arrive at our net dollar retention rate.

For the years ended December 31, 2020, 2021, and 2022 and the four months ended April 30, 2023, we had 87, 122, 123 and 118 KA customers, respectively, with their total revenue contribution of RMB314.9 million, RMB363.1 million, RMB332.8 million, and RMB117.9 million, respectively; representing approximately 49.2%, 49.1%, 45.1% and 48.3% of the total revenue derived from intralogistics equipment subscription services in the same period, respectively. Additionally, we have maintained a KA customer retention rate of 87%, 99%, 98% and 87% for the years ended December 31, 2020, 2021 and 2022 and the four months ended April 30, 2023, respectively, and net dollar retention rate of KA customers at 98%, 99%, 97% and 100% for the years ended December 31, 2020, 2021 and 2022 and the four months ended April 30, 2023, respectively.

During the Track Record Period, we provided counterbalanced forklifts, reach trucks, walkie stackers and other kinds of intralogistics equipment for subscription. The table below sets out the equipment subscription volume in and revenue derived from our intralogistics equipment subscription services by equipment types for the periods indicated:

	Year ended December 31,									Four months ended April 30,					
	2020			2021			2022			2022			2023		
	Equipment Subscription Volume(1)	Revenue	Percentage of Revenue	Equipment Subscription Volume(1)	Revenue	Percentage of Revenue	Equipment Subscription Volume(1)	Revenue	Percentage of Revenue	Equipment Subscription Volume(1)	Revenue	Percentage of Revenue	Equipment Subscription Volume(1)	Revenue	Percentage of Revenue
		(RMB'000)	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)* *(unaudited)*	*(%)*		*(RMB'000)*	*(%)*
Counterbalanced Forklifts	135,245	388,136	60.7	150,936	439,920	59.5	150,274	455,567	61.7	45,306	146,587	62.0	46,637	153,647	63.0
Reach Trucks	27,846	70,607	11.0	27,088	74,316	10.1	26,879	69,739	9.4	8,045	23,196	9.8	8,255	21,980	9.0
Walkie Stackers	160,569	172,755	27.0	167,159	199,643	27.0	174,799	180,564	24.5	51,832	62,951	26.6	56,385	63,264	25.9
Others	1,930	8,203	1.3	2,476	25,297	3.4	2,087	32,131	4.4	2,407	3,639	1.5	451	5,053	2.1
Total	325,590	639,701	100.0	347,659	739,176	100.0	354,039	738,001	100.0	107,590	236,373	100.0	111,728	243,944	100.0

Note: Total equipment subscription volume for a given year/period represents the aggregation of amount of times that intralogistics equipment in the fleet is subscribed in every month within a given year/period.

For details, see "Business – Our Equipment Fleet", "Business – Our Customers and Suppliers – Our Customers" and "Business – Our Business – Intralogistics Equipment Subscription Services" in this document.

As of April 30, 2023, the backlog of intralogistics equipment subscription service agreements on hand amounted to RMB746.9 million. Looking forward, RMB348.9 million is expected to mature in 2023, RMB233.2 million is expected to mature in 2024, RMB100.5 million is expected to mature in 2025, RMB49.2 million is expected to mature in 2026, and RMB15.1 million is expected to mature in 2027.

The following table sets forth the movement of backlog of our on-hand equipment subscription service agreements during the Track Record Period and up to August 31, 2023:

	Year ended December 31,			Four months ended April 30,	Subsequent to Track Record Period until
	2020	**2021**	**2022**	**2023**	**August 31, 2023**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Opening balance of backlog	644,131	724,795	748,883	695,157	746,930
Aggregate estimated revenue of new service contracts executed	720,365	763,264	684,275	295,717	208,543
Less: (aggregated revenue recognized for completed works)[1]	(639,701)	(739,176)	(738,001)	(243,944)	(259,229)
Closing balance of backlog	724,795	748,883	695,157	746,930	696,244

Note: The amount of "aggregated revenue recognized for completed works" here equals to the amount of revenue derived from intralogistics equipment subscription services in the same year/period.

All backlog of intralogistics equipment subscription service agreements on-hand as of August 31, 2023 is expected to mature by 2027.

OUR EQUIPMENT FLEET

As of April 30, 2023, we managed a fleet of 40,644 units of intralogistics equipment, which were mostly forklifts. A forklift is an industrial equipment with a metal fork platform attached to its front that can be used to lift heavy loads by inserting the fork platform under cargo, pallets, or machines for moving them or placing them in warehouses, production sites, distribution centers and other scenarios. During the Track Record Period, we mainly procured intralogistics equipment manufactured by internationally and nationally renowned intralogistics equipment manufacturers. The major types of intralogistics equipment in our equipment fleet include counterbalanced forklifts, reach trucks, and walkie stackers. For more information, please see "Business – Our Equipment Fleet" in this document.

We prioritize our commitment to responding to our customer's needs in a timely manner, and manage to ensure that we have sufficient supplies of different kinds of intralogistics equipment at any time. To this end, we have continuously expanded our equipment fleet. As of December 31, 2020, 2021 and 2022, and April 30, 2023, our equipment fleet size was 31,213 units, 36,257 units, 39,145 units and 40,644 units, respectively. During the Track Record Period, our utilization rates of intralogistics equipment were 78.9%, 78.5%, and 73.1% for 2020, 2021, and 2022, and 72.7% for the four months ended April 30, 2023, respectively. The slight down trend of the utilization rates was mainly affected by the negative impact of COVID-19 during this period and our proactive expansion of our fleet size for the prompt response to our customers' needs.

We typically have a lower volume of business around off season, i.e., the Chinese New Year holiday in the first quarter of each year as most of our customers take Chinese New Year holiday and stop production and operation or substantially lower production and operation during such period. During off season, the utilization rate of our fleet was around 75.6%, 75.4%, 70.7% and 71.4%, in 2020, 2021, 2022 and for the eight months ended August 31, 2023, respectively.

Correspondingly, we generally observe a surge in business during peak seasons, such as periods around 618 Shopping Festival, Double 11 Shopping Festival, and Double 12 Shopping Festival as logistics companies have higher demand of handling, transferring, sorting, and stacking huge amount of good during such periods. During peak seasons, the utilization rate of our fleet was around 84.1%, 82.2%, 76.1% and 78.8%, in 2020, 2021, 2022 and for the eight months ended August 31, 2023, respectively.

The following table sets forth the number of intralogistics equipment by types as of the dates indicated:

	As of December 31,			As of April 30,
	2020	**2021**	**2022**	**2023**
Equipment Volume				
Counterbalanced Forklifts	12,805	14,514	15,610	15,940
Reach Trucks	2,450	2,618	2,694	2,743
Walkie Stackers	15,864	18,989	20,609	21,533
Others	94	136	232	428
Total	31,213	36,257	39,145	40,644

The following table sets forth details of our intralogistics equipment by ownership as of the dates indicated:

	As of December 31,			As of April 30,
	2020	**2021**	**2022**	**2023**
Equipment Volume				
Self-owned Equipment				
– Without payment obligations[1]	5,846	7,925	8,823	9,876
– With bank loan obligations[1]	1,963	4,475	4,544	5,245
– With finance lease obligations[2]	22,664	23,640	25,469	25,273
Leased Equipment	740	217	309	250
Total	31,213	36,257	39,145	40,644

Notes:

(1). The legal titles of intralogistics equipment procured either with our own capital or proceeds from bank loans belong to us under the PRC laws.

(2). The legal titles of intralogistics equipment with finance lease obligations belong to the financial institutions as of the dates indicated, which shall be immediately transferred to us at nil or nominal consideration upon maturity of the respective finance leases. Notwithstanding that under PRC laws, the legal titles belong to the financial institutions temporarily during the terms of the finance leases, the Directors of the Company is of the view that the Group is reasonably certain to obtain ownership of the leased assets upon the maturity of the lease terms. Thus, the Group recognized these leased hold intralogistics equipment as right-of-use assets since the beginning of the finance lease arrangements, in accordance with the relevant accounting policies as set forth on page I-20 of the Document.

In 2020, 2021, 2022 and the first four months of 2023, our gross profit margin for the self-owned equipment without payment obligation was 34.6%, 29.4%, 27.5% and 27.6%, respectively. For the same period, our gross profit margin for the self-owned equipment with bank loan obligations was 32.3%, 27.0%, 24.7% and 25.9%, respectively, and the gross profit margin for the self-owned equipment under finance lease was 36.9%, 36.4%, 32.6% and 29.4%, respectively. In general, equipment under finance lease often demonstrates superior financial performance in terms of gross profit margin when compared equipment that is procured with our own capital or proceeds from bank loans. One primary reason is that equipment under finance lease typically represents newer equipment with a higher utilization rate. During the Track Record Period, the gross profit margin for our self-owned equipment generally showed a declining trend. This downturn was largely due to a reduction in the utilization rate, which was affected by the negative impact of COVID-19 during this period. Furthermore, we are dedicated to maintaining a healthy utilization rate by promptly responding to our customers' needs and ensuring a consistent supply of diverse intralogistics equipment. Additionally, in 2020, 2021, 2022 and the first four months of 2023, our gross profit margin for leased equipment was 16.2%, 30.1%, 15.1% and 34.6%, respectively. The gross profit margin for leased equipment might vary based on the total gross profit, which can be influenced by specific customer demands at given times.

During the Track Record Period, we recorded RMB73.2 million, RMB81.2 million, RMB76.4 million and RMB24.7 million in interest expenses in relation to the procurement of our equipment, respectively, which accounted for 11.5%, 11.0%, 10.4% and 10.1%, respectively, of our revenue of intralogistics equipment subscription services in the same period. Such ratio generally showed a decline during the Track Record Period primarily because we continue to actively manage such interest expenses to control our finance costs. Considering our relatively stable portion of interest expenses to revenue, our Directors are of the view that there is a manageable impact on our business in relation to our interest expenses. For risks in relation to interest expenses, please see "Risk Factors – Risks Relating to Our Business and Industry – We incurred bank loans and other borrowings to invest in the expansion of our equipment fleet during the Track Record Period. Changes in interest rates of such bank loans and other borrowings could have a material adverse impact on our business, results of operations and financial condition."

We conduct sensitivity analysis on interest rate to measure the potential impact of a reasonably possible change in interest rates on profit and profit margin, assuming all other variables were constant. Assuming a parallel change in interest rate without taking into account any possible risk management activities that may be taken by management to reduce the relevant risks, our sensitivity analysis is as follows:

	Year ended December 31,						Four months ended April 30,	
	2020		2021		2022		2023	
	Increase/ (decrease) in net profit	Increase/ (decrease) in net profit margin	Increase/ (decrease) in net profit	Increase/ (decrease) in net profit margin	Increase/ (decrease) in net profit	Increase/ (decrease) in net profit margin	Increase/ (decrease) in net profit	Increase/ (decrease) in net profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Changes in interest rates								
Decrease 100 basis point	8,613	1.4	8,295	1.1	8,476	1.2	2,805	1.2
Decrease 50 basis point	4,307	0.7	4,148	0.6	4,238	0.6	1,403	0.6
Increase 50 basis point	(4,307)	(0.7)	(4,148)	(0.6)	(4,238)	(0.6)	(1,403)	(0.6)
Increase 100 basis point	(8,613)	(1.4)	(8,295)	(1.1)	(8,476)	(1.2)	(2,805)	(1.2)

The following table sets forth the movement of the number of intralogistics equipment by ownership during the Track Record Period:

	Year ended December 31,						Four months ended April 30,	
	2020		2021		2022		2023	
	Self-owned	Leased	Self-owned	Leased	Self-owned	Leased	Self-owned	Leased
Equipment Volume at the Beginning of the Year/Period	23,664	1,419	30,473	740	36,040	217	38,836	309
Increase(1)	7,215	567	6,773	587	4,640	677	2,186	116
Decrease(2)	406	1,246	1,206	1,110	1,844	585	628	175
Equipment Volume at the End of the Year/Period	30,473	740	36,040	217	38,836	309	40,394	250

Notes:

1. The increase in self-owned intralogistics equipment represented newly procured from suppliers or obtained by way of finance leasing arrangement; the increase in leased intralogistics equipment represented newly leased equipment from equipment rental companies.

2. The decrease in self-owned intralogistics equipment represented used equipment sold to end users; the decrease in leased intralogistics equipment represented equipment returned to the lessors at the end of the lease terms.

In October 2021, the State Council of China set the target to optimize energy consumption structure, boost low-carbon transformation in use of energy, and increase the consumption ratio of non-fossil energy to 25% by 2030, according to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》), which is the national climate policy, aiming at achieving "peak CO_2 emissions" by 2030 and "carbon neutrality" by 2060. Over years, we have been committed to promoting the green economies. As part of our commitment to environmental responsibility and sustainable intralogistics equipment solutions, we have significantly increased the proportion of electric forklifts in our equipment fleet during the Track Record Period, which increased from approximately 88.6% in 2020 to approximately 90.0% in 2021 and further increased to approximately 91.1% in 2022 and approximately 91.7% for the four months ended April 30, 2023.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Hou was entitled to exercise voting rights attached to the 13,230,171 Shares directly held by him representing approximately [15.76%] of the total issued share capital of our Company. Mr. Hou Zebing (侯澤兵), brother of Mr. Hou, was entitled to exercise voting rights attached to the Shares representing approximately [24.39%] of the total issued share capital of our Company through (i) 12,702,820 Shares directly held by him, representing approximately [15.13%] of the total issued share capital of our Company, and (ii) 7,775,054 Shares held by Guangzhou Daze of which he is a general partner, representing approximately [9.26%] of the total issued share capital of our Company. Upon completion of the Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Hou will be entitled to exercise voting rights attached to the [**REDACTED**] Shares directly held by him representing approximately [**REDACTED**]% of the total issued share capital of our Company and Mr. Hou Zebing was entitled to exercise voting rights attached to the Shares representing approximately [**REDACTED**]% of the total issued share capital of our Company through (i) [**REDACTED**] Shares directly held by him, representing approximately [**REDACTED**]% of the total issued share capital of our Company, and (ii) [**REDACTED**] Shares held by Guangzhou Daze of which he is a general partner, representing approximately [**REDACTED**]% of the total issued share capital of our Company.

Mr. Hou and Mr. Hou Zebing entered into an acting-in-concert agreement on May 18, 2020 with a supplemental agreement dated March 24, 2023 to acknowledge and confirm their acting-in-concert relationship in our Company, pursuant to which Mr. Hou and Mr. Hou Zebing have agreed to continue to act in concert and reach consensus on any matter considered at board meetings and general meetings of our Company.

Therefore, Mr. Hou, Mr. Hou Zebing and Guangzhou Daze collectively are able to exercise approximately [**REDACTED**]% voting rights in our Company and will be considered as the Controlling Shareholders of our Company upon [**REDACTED**].

PRE-[REDACTED] INVESTMENTS

Throughout the development of our Group, we have entered into several rounds of financing agreements with our Pre-[**REDACTED**] Investors. For further details of the identity and background of the Pre-[**REDACTED**] Investors, see "History, Development and Corporate Structure – Pre-[**REDACTED**] Investments" in this document.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following tables set forth summary financial data from our consolidated statements of profit or loss and other comprehensive income for the periods indicated, derived from the Accountants' Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRS.

	Year ended December 31,						Four months ended April 30,			
	2020		2021		2022		2022		2023	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
							(unaudited)			
Revenue	980,643	100.0	1,172,182	100.0	1,194,209	100.0	346,809	100.0	436,291	100.0
Cost of sales	(650,463)	(66.3)	(798,015)	(68.1)	(832,545)	(69.7)	(245,910)	(70.9)	(314,077)	(72.0)
Gross profit	330,180	33.7	374,167	31.9	361,664	30.3	100,899	29.1	122,214	28.0
Other income and gains	4,853	0.5	4,022	0.3	6,276	0.5	2,693	0.8	1,753	0.4
Selling and distribution expenses	(72,270)	(7.4)	(84,018)	(7.2)	(86,072)	(7.2)	(27,873)	(8.0)	(26,431)	(6.1)
Administrative expenses	(120,746)	(12.3)	(143,199)	(12.2)	(156,858)	(13.1)	(50,625)	(14.6)	(52,213)	(12.0)
Impairment loss on financial assets	(6,808)	(0.7)	(4,498)	(0.4)	(4,178)	(0.3)	(884)	(0.3)	(2,106)	(0.5)
Other expenses	(197)	–*	(262)	–*	(2,750)	(0.2)	(719)	(0.2)	(12,684)	(2.9)
Finance costs	(73,604)	(7.5)	(81,838)	(7.0)	(83,609)	(7.0)	(27,398)	(7.9)	(27,308)	(6.3)
Share of profits/(losses) of associates	(228)	–*	(4,929)	(0.4)	948	0.1	(1,041)	(0.3)	(762)	(0.2)
Profit/(loss) before tax	61,180	6.2	59,445	5.1	35,421	3.0	(4,948)	(1.4)	2,463	0.6
Income tax credit/(expenses)	(6,970)	(0.7)	(4,267)	(0.4)	(20)	–*	2,396	0.7	918	0.2
Profit/(loss) and total comprehensive income/(loss) for the year/period	54,210	5.5	55,178	4.7	35,401	3.0	(2,552)	(0.7)	3,381	0.8
Attributable to:										
Owners of the Company	54,210	5.5	55,178	4.7	35,401	3.0	(2,552)	(0.7)	3,381	0.8

Note:

* Less than 0.1%.

During the Track Record Period, our gross profit margin was 33.7%, 31.9%, 30.3%, 29.1% and 28.0% in 2020, 2021, 2022 and the first four months of 2022 and 2023. The decrease in our gross profit margin in 2021 was primarily due to (i) the lower utilization rates resulted from the negative impact of COVID-19 and (ii) the increasing staff costs in relation to our expansion of intralogistics equipment business in that period. The decrease in our gross profit margin in 2022 was primarily due to the facts that we closed relevant service outlets due to the COVID-19, while fixed costs, such as staff costs, depreciation charges and other operation related expenses, continued to incur during the corresponding period. The decline in the first four months of 2023 was contributed to business mix, where in that period, we have experienced an increase in sales of intralogistics equipment and parts, which carried a relatively lower gross profit margin compared to our intralogistics equipment subscription services and maintenance and repair services.

The net profit for the year ended December 31, 2021 increased by RMB1.0 million compared to the year ended December 31, 2020. This increase was mainly attributable to revenue growth stemming from business expansion. Conversely, the net profit for the year ended December 31, 2022, decreased by RMB19.8 million from the prior year. The decline was primarily due to a drop in gross profit following the re-emergence of COVID-19, combined with an increase in administrative expenses. The higher administrative expenses was driven by increased research and development costs, higher depreciation charges, and increased rental expenses.

We recorded net loss of RMB2.6 million for the four months ended April 30, 2022 and net profit of RMB3.4 million for the four months ended April 30, 2023. The change was primarily because there was a significant increase in our revenue in the four months ended April 30, 2023 mainly due to the subsequent recovery of the manufacturing industry, which led to a surge in demand for our maintenance and repair services, as well as increased demand for high-quality equipment and parts in the first four months of 2023.

The resurgence of the COVID-19 pandemic in multiple regions of China in 2022 had a significant impact on our business operations and financial performance. Temporary suspensions of operations at certain affected service outlets limited our ability to provide services to customers. For example, in 2022, 45 outlets were temporarily closed for less than 30 days, 7 outlets were closed temporarily for a period between 30 to 50 days, and 8 outlets were closed for more than 50 days. Furthermore, the closures and reduced operations of our customers during the re-emergence of COVID-19 resulted in an overall subdued demand for our services. Consequently, our overall gross profit margin decreased from 31.9% in 2021 to 30.3% in 2022. This decline can be attributed to the combined effects of limited service availability and subdued customer demand caused by the pandemic. Despite the decrease in services we provided, our fixed costs, including staff costs, depreciation charges, and other operation-related expenses, continued to be incurred. As a result, our revenue during the corresponding period increased at a lower rate than the costs of sales. Additionally, there was an increase in administrative expenses due to an increase in research and development expenses, depreciation charges, and rental expenses. Consequently, our net profit decreased from RMB55.2 million in 2021 to RMB35.4 million in 2022.

Being a leading intralogistics equipment solution provider in China and considering the growing demand for these solutions in China according to CIC, our Directors believe that we are able to mitigate risks associated with price pressure. In particular, in line with its business strategy, we intend to continue to enhance our business growth and profitability through: (i) improving our customer coverage and expanding the categories of our intralogistics equipment based on our study on market demand trends; (ii) optimizing our cost and expense structure to improve net profit margins; and (iii) increasing operation leverage through economies of scale and optimized supply chain management capability.

Selected Items of Our Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of April 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	1,674,443	1,889,224	2,026,436	2,019,284
Total current assets	500,649	669,909	636,054	722,580
Total current liabilities	(801,919)	(818,594)	(903,435)	(946,866)
Net current liabilities	(301,270)	(148,685)	(267,381)	(224,286)
Total non-current liabilities	(689,612)	(876,479)	(859,594)	(892,156)
Net assets	683,561	864,060	899,461	902,842
Share capital	80,484	83,972	83,972	83,972
Reserves	603,077	780,088	815,489	818,870
Total equity	683,561	864,060	899,461	902,842

We recorded net assets of RMB683.6 million, RMB864.1 million, RMB899.5 million and RMB902.8 million as of December 31, 2020, 2021 and 2022 and April 30, 2023. The significant increase of net assets in 2021 was primarily due to (i) the issuance of additional ordinary shares amounting to RMB130.0 million; and (ii) an increase in profit of RMB55.2 million for the year ended December 31, 2021. The increase of net assets in 2022 was primarily due to an increase in profit of RMB35.4 million for the year ended December 31, 2022. The slight increase of net assets in the first four months of 2023 was due to an increase in profit of RMB3.4 million for the four months ended April 30, 2023.

We recorded net current liabilities and relatively high gearing ratio as of December 31, 2020, 2021, 2022, and April 30, 2023, due to our substantial investments in capital expenditures, including property, plant, equipment, and right-of-use assets, which were classified as non-current assets, leading to a net current liability position. Simultaneously, to finance these investments, we relied on external borrowings, leading to a high gearing ratio. While this situation creates short-term financial pressures, it stems from our strategy of prioritizing long-term capital investments. Our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document, taking into account our financial resources, including internally generated funds, the [**REDACTED**] from the [**REDACTED**], and available facilities from bank and other borrowings. In addition, our Directors are of the view that we are able to match our loans and borrowings to support our long-term operational needs. We base this confidence on the following factors:

- **Cash flow generated from operations**: Our net cash generated from operating activities was RMB451.6 million, RMB527.6 million, RMB522.2 million, and RMB155.3 million in 2020, 2021, 2022 and the first four months of 2023, respectively. This steady cash flow is a testament to our execution capabilities, as well as the industry recognition we have received. In the future, by expanding into untapped markets and streamlining our cost structures, we foresee the continuation of this positive cash flow trend. Furthermore, we are placing a renewed emphasis on enhancing communication with both our suppliers and customers.

- **Bank and other borrowings**: As of August 31, 2023, we had unutilized facilities for bank and other borrowings of RMB1,436.8 million, providing us with additional financial resources. We believe that our long-term and healthy relationships with banks and financial institutions will continue to support our borrowing needs in the future. In the upcoming quarters, we are geared to engage in negotiations to secure more favorable borrowing terms. We believe that our commitment to financial prudence will enable us to navigate any economic uncertainties that may arise while seizing growth opportunities.

- [**REDACTED**] **from the** [**REDACTED**]: We expect to receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees, and estimated expenses payable by us in connection with the [**REDACTED**]. These [**REDACTED**] will further strengthen our financial position and support our business development initiatives.

- **Stringent cash management**: We closely monitor and manage our cash position and requirements to ensure that we have sufficient working capital for our operations. We prioritize planned and systematic cash flow management and match short-term loans with our operational needs to ensure we have sufficient liquidity to cover its immediate expenses while maintaining flexibility for future investments in equipment. During the Track Record Period, our trade receivable turnover days remained relatively stable around 80 days, and as of August 31, 2023, RMB244.5 million, or 80.7%, of our trade receivables as of April 30, 2023, had been settled.

For more information, see "Financial Information – Liquidity and Capital Resources – Net Current Liabilities" in this document.

Summary Consolidated Statements of Cash Flows

The following table sets forth our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash flows generated from operating activities	451,583	527,631	522,192	143,611	155,268
Net cash flows used in investing activities	(157,637)	(285,358)	(226,168)	(75,263)	(103,710)
Net cash flows used in financing activities	(328,375)	(137,722)	(363,548)	(85,538)	(38,899)
Cash and cash equivalents at end of the year/period	83,611	188,162	120,638	170,972	133,297

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios as of the dates indicated:

	As of December 31,			As of April 30,
	2020	**2021**	**2022**	**2023**
Current ratio(1)	0.6	0.8	0.7	0.8
Gearing ratio(2)	171.8%	153.9%	152.0%	154.9%

Notes:

(1) equals current assets divided by current liabilities as of the same date.

(2) equals bank loans and other borrowings divided by total equity as of the same date.

OUR MAJOR CUSTOMERS AND MAJOR SUPPLIERS

During the Track Record Period, almost all of our customers were corporate entities, which comprised of manufacturers, logistics companies, and trading companies. For the years ended December 31, 2020, 2021 and 2022 and the four months ended April 30, 2023, revenue generated from our five largest customers in each year/period during the Track Record Period amounted to RMB166.3 million, RMB184.7 million, RMB166.2 million, and RMB69.7 million, respectively, representing 17.0%, 15.8%, 13.9%, and 16.0% of our total revenue, respectively. For the years ended December 31, 2020, 2021 and 2022 and for the four months ended April 30, 2023, revenue generated from our largest customer in each year/period during the Track Record Period amounted to RMB60.2 million, RMB75.8 million, RMB69.2 million and RMB19.9 million, respectively, representing 6.1%, 6.5%, 5.8% and 4.6% of our total revenue, respectively. For more information, please see "Business – Our Customers and Suppliers – Our Customers" in this document.

During the Track Record Period, we primarily procured intralogistics equipment and parts. Our suppliers primarily consisted of intralogistics equipment and parts manufacturers. For the years ended December 31, 2020, 2021 and 2022 and the four months ended April 30, 2023, procurement from our five largest suppliers in each year/period during the Track Record Period amounted to RMB395.0 million, RMB420.0 million, RMB379.5 million and RMB137.9 million, respectively, representing 50.7%, 49.0%, 46.7% and 41.2% of our total purchases, respectively; and procurement from our largest supplier in each year/period during the Track Record Period amounted to RMB161.4 million, RMB151.5 million, RMB179.8 million and RMB44.8 million, respectively, representing 20.7%, 17.7%, 22.1% and 13.4% of our total purchases, respectively. For more information, please see "Business – Our Customers and Suppliers – Our Suppliers" in this document.

Due to the nature of our business, certain of our five largest suppliers was also our customer, which is an industry norm in the intralogistics equipment solution industry, as advised by CIC. Our Directors confirmed that the transactions with the overlapping customer and supplier were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. For details, please see "Business – Our Customers and Suppliers" in this document.

COMPETITIVE LANDSCAPE

We are the largest intralogistics equipment solution provider in China, with total revenue from intralogistics equipment solutions of RMB0.9 billion in 2022, accounting for 7.7% of the total market. The intralogistics equipment solution market in China has experienced significant growth, increasing from RMB6.9 billion in 2018 to RMB11.4 billion in 2022, representing a CAGR of 13.6% from 2018 to 2022. Driven by the increasing demand and adoption of technology-enabled solutions for optimizing operations and increasing efficiency, accordingly to CIC, the market size of intralogistics equipment solutions in China is expected to reach RMB34.9 billion by 2027, representing a CAGR of 25.0% from 2022 to 2027.

For details, please see "Industry Overview – Intralogistics Equipment Solution Market in China – Competitive Landscape of the Intralogistics Equipment Solution Market in China" in this document.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors, except for certain lawsuits arising from the ordinary course of business which would not individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. See "Business – Legal Proceedings and Compliance" and "Risk Factors – Risks Relating to Our Business and Industry – We may be subjected to litigations, legal or contractual disputes, government investigations or administrative proceedings" in this document for more information. According to our PRC Legal Advisers, our business operations had been carried out in compliance with applicable laws and regulations in material aspects during the Track Record Period and up to the Latest Practicable Date. For more information, see "Risk Factors – Risks Relating to Our Business and Industry – We may be demanded to pay the outstanding contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities" in this document.

BUSINESS ACTIVITIES WITH CUSTOMERS IN RELATION TO COUNTRIES SUBJECT TO INTERNATIONAL SANCTIONS

During the Track Record Period, we made sales and deliveries of intralogistics equipment parts to customers in Belarus, Russia, Venezuela, Iran, and Syria (each, a "Relevant Region", and collectively, "Relevant Regions"). Among the Relevant Regions, Iran and Syria are subject to comprehensive U.S. economic sanctions. Russia, Belarus, and Venezuela are not currently subject to comprehensive U.S. economic sanctions, but significant numbers of entities, individuals, and industries in Russia, Belarus, and Venezuela are subject to U.S. economic sanctions. To the best knowledge of our Directors, in 2020, 2021 and 2022, and for the four months ended April 30, 2023, our revenue generated from transactions related to Relevant Regions was approximately RMB13.9 million, RMB19.0 million, RMB24.0 million and RMB13.8 million, respectively, representing approximately 1.4%, 1.6%, 2.0% and 3.2% of our total revenue for the same periods, respectively.

In particular, in 2020, 2021 and 2022 and for the four months ended April 30, 2023, our revenue generated from transactions related to Iran was approximately RMB3.8 million, RMB7.2 million, RMB6.9 million and RMB2.8 million, respectively, representing approximately 0.4%, 0.6%, 0.6% and 0.6% of our total revenue for the same periods, respectively.

In addition, in 2020, 2021 and 2022 and for the four months ended April 30, 2023, our revenue generated from transactions related to Syria was approximately RMB127,000, RMB122,000, RMB108,000 and nil, respectively, representing approximately 0.01%, 0.01%, 0.01% and nil of our total revenue for the same periods, respectively.

In 2020, 2021 and 2022 and for the four months ended April 30, 2023, our total revenue generated from sales to customers in Belarus, Russia, and Venezuela was RMB10.0 million, RMB11.7 million, RMB17.0 million, and RMB11.0 million respectively, representing approximately 1.0%, 1.0%, 1.4% and 2.5% of our total revenues for the same periods, respectively.

Our International Sanctions Legal Adviser has advised us that International Sanctions administered by the Office of Foreign Assets Control (OFAC) of the U.S. may be applicable to activities involving a U.S. nexus, such as funds transfer in U.S. currency that clear through the U.S. financial system.

During the Track Record Period, we made sales of intralogistics equipment parts manufactured in China to customers located in Iran and Syria, which are subject to comprehensive U.S. economic sanctions. Such sales to Iran and Syria include sales denominated in RMB and other currencies. However, we received payments dominated in USD for certain sales to Iran ("**Iran USD Sales**") and certain sales to Syria (**"Syria USD Sales")**. The Iran USD Sales include 69 distinct transactions to 15 distinct Iran customers with delivery dates between December 2019 and April 2023, in which we received approximately USD1.8 million in payments denominated in USD to our bank accounts in China. The Syria USD Sales include three distinct transactions to one customer in Syria with delivery dates between January 8, 2022 and August 3, 2022 in which we received approximately USD26,200 in payments denominated in USD to our bank accounts in China. We have ceased all sales involving Iran and Syria since May 20, 2023.

Our International Sanctions Legal Adviser has advised us that such USD-denominated transactions appear to be in violation of U.S. primary sanctions laws that prohibit the use of the U.S. financial system for this type of trade with Iran and Syria. Accordingly, the Iran USD Sales and Syria USD sales likely constituted Primary Sanctioned Activity.

After consulting with our International Sanctions Legal Adviser, we made an initial notification of voluntary self-disclosure ("**VSD**") to OFAC on May 23, 2023 related to the Iran USD Sales and the Syria USD Sales, and made a supplemental VSD report regarding these transactions to OFAC on September 19, 2023.

In addition, our Controlling Shareholders signed a deed of indemnity on May 22, 2023 ("**Deed of Indemnity**"), pursuant to which, our Controlling Shareholders have undertaken to fully indemnify us against, amongst other things, any liability or penalty arising from the sales activities with customers in relation to countries subject to International Sanctions. As a result, the Directors confirm that there is no financial impact to the Group's profit and loss regarding recognition of the potential penalties since the expenses recognized is fully offset by the gain arising from the aforesaid indemnity.

Based on the facts and circumstances and the assessment made by our International Sanctions Legal Adviser, our International Sanctions Legal Adviser has advised us that there is a reasonable likelihood that OFAC may close this matter by issuing a cautionary letter to our Company without imposing any monetary penalty. Alternatively, we may be required to pay an administrative penalty for such Iran USD Sales and Syria USD Sales. If OFAC was to impose a monetary penalty, the base monetary penalty for the violation would be approximately USD912,000, taking into consideration that a VSD has been filed to OFAC and that the matter is likely not "egregious" in nature. Such penalty amount is likely to be reduced by OFAC from the likely base penalty amount of approximately USD912,000 to a lower amount during a negotiated settlement process by taking into account of mitigating factors such as first-time offense, voluntary disclosure and cooperation with OFAC. Our International Sanctions Legal Adviser has advised us that the submission of a VSD has materially reduced the legal and reputational risks to us arising from the Iran USD Sales and Syria USD Sales.

Our International Sanctions Legal Adviser has advised us that the risk that our sales to Relevant Regions (excluding Iran USD Sales and Syria USD Sales) during the Track Record Period might constitute Sanctioned Activity under International Sanctions enacted by Relevant Jurisdictions is low.

With respect to Primary Sanctions Risks under U.S. law, our International Sanctions Legal Adviser has advised us that our export sales to customers in the Relevant Regions (excluding the Iran USD Sales and Syria USD Sales) the Track Record Period did not involve Sanctioned Targets or otherwise involve the sectors, industries, or activities necessary to satisfy the jurisdictional and substantive elements of offenses constituting Primary Sanctioned Activities under U.S. law. As advised by our Legal Adviser, none of our contracting parties located in the Relevant Regions are Sanctioned Targets specifically identified on the Specially Designated Nationals and Blocked Persons List or the Sectoral Sanctions Identifications List maintained by OFAC (the "SDN Lists").

With respect to Secondary Sanctions Risks under U.S. law, the Iran USD Sales and Syria USD Sales would likely be addressed as Primary Sanctioned Activity rather than Secondary Sanctionable Activity. The remaining sales did not involve the parties, sectors, industries, or activities likely to result in the imposition of Secondary Sanctions under U.S. law. Accordingly, our activities during the Track Record Period (excluding the Iran USD Sales and Syria USD Sales) pose a low risk of being deemed to include Secondary Sanctionable Activities.

Our International Sanctions Adviser has advised us that International Sanctions enacted by the U.K., E.U., and Australia are Primary Sanctions that generally apply within territory of such jurisdictions, to entities or nationals of such jurisdictions, or to business within such jurisdictions. Accordingly, the risk that our sales of Chinese manufactured products to customers in the Relevant Regions might be subject to the jurisdiction of U.K., E.U., and Australia sanctions is low. Our customers within the U.K., E.U., and Australia during the Track Record Period, moreover, did not include Sanctioned Targets under U.K., E.U., and Australia law. The U.K., E.U., and Australia generally do not utilize Secondary Sanctions.

For reasons, our International Sanctions Legal Adviser has advised us on the assumption that the customer lists and other information provided by us is accurate, complete, and not misleading, that (a) the Iran USD Sales and Syria USD sales likely constituted Primary Sanctioned Activity; and (b) the risk that our sales to the Relevant Regions (excluding Iran USD Sales and Syria USD sales) during the Track Record Period might constitute Sanctioned Activity under International Sanctions enacted by Relevant Jurisdictions is low.

Sanctions Risks to Relevant Persons Resulting from Participation in [REDACTED]

Given the scope of the [**REDACTED**] and the expected [**REDACTED**] as set out in this document, our International Sanctions Legal Adviser is of the view that the involvement by parties in the [**REDACTED**] will not implicate any applicable International Sanctions on such parties, including our Company and our subsidiaries, the respective Directors and employees of our Company and our subsidiaries, our Company's or our subsidiaries' investors, Shareholders, the Stock Exchange, the Listing Committee and group companies, or any person involved in the [**REDACTED**], and accordingly, the sanctions risk exposure to our Company, its investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**], and [**REDACTED**] of our Shares (including the Stock Exchange, the Listing Committee and related group companies) as a result of such involvement in the [**REDACTED**] is low.

Please refer to "Risk Factors – Risk Related to Our Business and Industry – We could be adversely affected as a result of any sales we made to customers in certain countries that are, or become subject to, sanctions administered by the U.S., the EU, the UN, Australia and other relevant sanctions authorities" for further details regarding sanctions risks.

For further information, please see "Business – Business Activities with Customers in Relation to Countries Subject to International Sanctions" in this document.

SUMMARY OF MATERIAL RISK FACTORS

Our business faces risks including those set out in the "Risk Factors" section. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [**REDACTED**] in our Shares. Some of the major risks that we face include: (i) our business, growth and prospects are significantly affected by the demand of our services in China; (ii) any economic slowdown or decrease in general economic activities may adversely affect our business, results of operations, financial condition, and prospects; (iii) we incurred bank loans and other borrowings to invest in the expansion of our equipment fleet during the Track Record Period. Changes in interest rates of such bank loans and other borrowings could have a material adverse impact on our business, results of operations and financial condition; (iv) significant fluctuations in the price for our intralogistics equipment subscription services may adversely affect our business, results of operations, financial condition, and prospects; (v) we could be adversely affected as a result of any sales we made to customers in certain countries that are, or become subject to, sanctions administered by the U.S., the EU, the UN, Australia and other relevant sanctions authorities; (vi) our historical results may not be indicative of our future prospects and results of operations; and (vii) changes in the political and economic policies, as well as the interpretation and enforcement law, rules and regulations, may affect our business, financial condition, results of operations and prospects.

RECENT DEVELOPMENTS

Selected Operating and Financial Data for the Eight Months Ended August 31, 2023

Our business operations have maintained an overall growth trend during the Track Record Period. Subsequent to the Track Record Period, we have successfully implemented our development strategies, leading to steady growth of our business and quick recovery from the COVID-19 pandemic. The following table sets forth a summary of the utilization rate for the eight months ended August 31, 2023 in our management account:

	For the eight months ended August 31,	
	2022	**2023**
	(unaudited)	
Utilization rate	72.9%	74.0%

As of August 31, 2023, our equipment fleet size expanded to 42,012 units.

As compared with revenue for the eight months ended August 31, 2022, revenue for the same period in 2023 increased by 18.0%, primarily due to an increase in revenue from intralogistics equipment subscription services mainly driven by the post-COVID-19 business recovery, and growing customer base. As compared with gross profit for the eight months ended August 31, 2022, gross profit for the same period in 2023 increased by 20.2%.

Our utilization rate of intralogistics equipment increased from 72.9% to 74.0% from the eight months ended August 31, 2022 to the same period in 2023 primarily due to the increase of our intralogistics equipment subscription service orders in line with the post-COVID-19 recovery of economy and our acquisition of new customers. In addition, we continued to strategically expand our fleet size in line with our strategy to keep improving customer coverage and expanding the categories of intralogistics equipment.

Although we maintained a general growing trend in revenue during the Track Record Period and for the eight months ended August 31, 2023, we cannot assure you that we will be able to maintain the revenue growth rates in future periods. We expect to see a decrease in our net profit in 2023 as compared to 2022, primary because we incurred large amount of [**REDACTED**] expenses in 2023. In addition, our business may be affected negatively by various factors, including but not limited to increasing competition, emergence of alternative business models, decreasing demand for our services, increasing regulatory costs, or changes in general economic conditions. If any of the foregoing were to occur, we may face fluctuations in our revenue growth or even decrease in our revenue.

Regulatory Development

The regulatory environment in China has been undergoing a number of recent changes and reforms in various areas.

The Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises

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.

As advised by our PRC Legal Advisers, we are subject to the CSRC filing as the [**REDACTED**] constitutes a direct overseas [**REDACTED**] and [**REDACTED**] by domestic companies under the Overseas Listing Trial Measures. On August 18, 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 [**REDACTED**] and [**REDACTED**].

Effects of the COVID-19 Pandemic

Our business operations and financial performance were affected by COVID-19 pandemic in multiple regions in China, especially in Guangzhou from October to November 2022, and in Shanghai from March to June 2022. In 2022, 45 service outlets were temporarily closed for less than 30 days, 7 service outlets were closed temporarily for a period between 30 to 50 days, and 8 service outlets were closed for more than 50 days.

During the COVID-19 pandemic, we took several steps to support our customers during these challenging times. Between 2020 and 2021, we occasionally offered informal discounts with a total amount of approximately RMB2.7 million as a gesture to alleviate the financial burdens many of our clients faced due to the pandemic. The exact amount of informal discounts granted to any customer would be subject to the negotiation between us and our customers, and normally, the informal discount granted would not exceed 2% of that customer's monthly billing with us. This approach became formalized in 2022 when we offered discounts totaling approximately RMB10.0 million to customers. The discounts were based on the weakening of the customer's economic activity, their equipment downtime, or the duration they were affected by the epidemic, reflecting our response to the ongoing economic challenges posed by COVID-19. However, throughout this period, we did not terminate any material contracts with our customers because of our inability to provide services resulting from the pandemic's impact.

Trademark Right Infringement Dispute

In July 2023, a PRC company brought legal proceedings against us at the Intermediate People's Court of Weifang in Shandong Province, the PRC, claiming that we had infringed its trademark rights. See "Risk Factors – Risks Relating to Our Business and Industry – We may be subjected to litigations, legal or contractual disputes, government investigations or administrative proceedings" and "Business – Legal Proceedings and Compliance – Trademark Right Infringement Dispute" in this document.

Construction Work Dispute

With respect to the construction work dispute as disclosed under "Business – Legal Proceedings and Compliance – Construction Work Dispute", on October 16, 2023, the Hefei Intermediate Court ruled that the Claimant had withdrawn its appeal, and the judgment made by the Feixi Court became effective. In addition, we have fully settled the payment required by the Feixi Court to the plaintiff, which payment had no material impact on our liquidity considering our business scale. For more information about the legal proceedings, please see "Business – Legal Proceedings and Compliance – Construction Work Dispute" in this document.

Fire Incident Dispute

With respect to the fire incident dispute as disclosed under "Business – Legal Proceedings and Compliance – Fire Incident Dispute", on August 24, 2023, the Shanghai Financial Court issued a judgment, reducing the amount that we were initially ordered to compensate in the ruling of the Qingpu Court. Shanghai Financial Court's judgment ruled that we and the lessor shall each respectively pay approximately RMB877,300 to the plaintiff, and both parties shall be jointly and severally liable for the aforementioned compensation. In addition, we have fully settled such payment to the plaintiff, which payment had no material impact on our liquidity considering our business scale. For more information about the legal proceedings, please see "Business – Legal Proceedings and Compliance – Fire Incident Dispute" in this document.

No Material Adverse Change

Our Directors confirm that up to the date of this document, other than as disclosed under the "Recent Developments – No Material Adverse Change" in the "Summary" section in this document, there had been no material adverse change in our financial, operational or prospects since April 30, 2023, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this document.

DIVIDENDS

No dividend has been paid or declared by us during the Track Record Period. After completion of the [**REDACTED**], our shareholders will be entitled to receive dividends declared by us. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends. For details, see "Financial Information – Dividends" in this document.

[**REDACTED**]

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK$[REDACTED]	Based on the [REDACTED] of HK$[REDACTED]
[**REDACTED**] of our Shares *(approximation)*(2)	HK$[REDACTED]	HK$[REDACTED]
[**REDACTED**] adjusted net tangible assets per Share(3)	HK$[REDACTED]	HK$[REDACTED]

Notes:

(1) All statistics in this table are on the assumption that the [**REDACTED**] are not exercised.

(2) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately after completion of the Subdivision and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) The [**REDACTED**] adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Financial Information – [**REDACTED**] Statement of Adjusted Consolidated Net Tangible Assets" in this document.

[REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming the [**REDACTED**] being not exercised and an [**REDACTED**] of HK$[**REDACTED**] per Share, which is the mid-point of the indicative [**REDACTED**] range stated in this document. We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes: (i)

[**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to enhance our service capabilities, improve customer coverage, and expand categories of intralogistics equipment; (ii) [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to expand and upgrade our supply chain infrastructure. This includes both improving our existing supply chain facilities and constructing new supply chain bases according to our strategies; (iii) [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to strengthen our technology capabilities and infrastructure; (iv) [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to conduct strategic mergers and acquisitions that align with our regional coverage, industry focus, and business priorities; and (v) [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used for our general working capital and general corporate purposes.

[**REDACTED**]

Our [**REDACTED**] mainly include [**REDACTED**], [**REDACTED**], professional fees paid to legal advisers, the reporting accountants and other professional advisers for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately [**REDACTED**] (HK$[**REDACTED**]), representing [**REDACTED**]% of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. Our [**REDACTED**] are categorized into [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and [**REDACTED**] expenses of approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), representing [**REDACTED**]% and [**REDACTED**]%, respectively, of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. The [**REDACTED**] expenses can be further classified into fees and expenses of legal advisors and accountants of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and other fees and expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), representing [**REDACTED**]% and [**REDACTED**]%, respectively, of the gross [**REDACTED**] (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] in aggregate of RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was charged to the consolidated statements of profit or loss and RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) was deducted from equity as of April 30, 2023. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]), of which approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) is expected to be charged to the consolidated statements of profit or loss and approximately RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]) is expected to be recognized as a deduction in equity directly upon [**REDACTED**]. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.