
SUMMARY

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 [REDACTED] are set forth in “Risk Factors” of this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OUR MISSION

Facilitating intelligent logistics and promoting efficiency optimization.

OUR VISION

To become the first choice for enterprises’ intralogistics equipment utilization and management.

OVERVIEW

We are a leading intralogistics equipment lifecycle management solution provider in China, offering services featuring advanced IoT technology capability and strong digital transformation achievements. 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 lifecycle management solution provider in China in terms of revenue for 2022. We are also a pioneer in the industry that carries full pledge services covering entire equipment lifecycle, including equipment subscription, repair and maintenance, and disposal. Furthermore, leveraging our innovative Intelligent Asset and Operation Management Platform (智慧資產運營管理系統), we have developed an “online + offline” service network that facilitates convenient and integrated equipment engagement and management. Our platform features a user-friendly visualized interface that allows for real-time monitoring of equipment usage in various locations, promoting our continuous operational efficiency, and enhancing customer loyalty. As of December 31, 2022, we had 161 offline service outlets in 87 cities throughout China, managing approximately 40,000 units of intralogistics equipment and serving over 8,000 corporate customers.

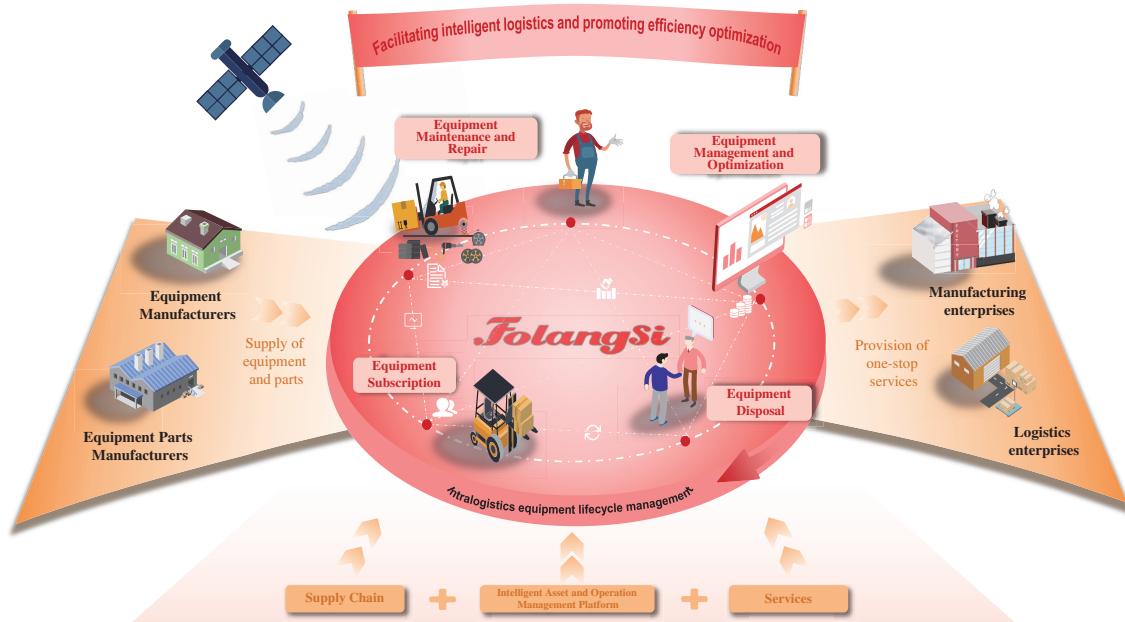
Intralogistics equipment utilization and management present inherent challenges, including high purchase and maintenance costs, a need for specialized expertise, and significant management complexity. As a result, many enterprises struggle to access satisfying services from traditional service providers, as these needs can vary significantly depending on various stages of their business development, or the particular characteristics of their warehouse facilities and goods. To address these unserved and underserved needs, we, as one of the earliest companies in China to launch intralogistics equipment lifecycle management

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solutions, are well-equipped to provide tailor-made solution packages addressing specific needs of different customers. Our customers can enjoy flexible arrangements in terms of fleet size, routine management, and maintenance, resulting in cost optimization related to fixed asset purchase structure as well as operation and maintenance efficiency. Benefited from our strong technology capability, we effectively extend useful life of relevant equipment. According to CIC, intralogistics equipment lifecycle management solutions can help enterprises reduce costs by approximately 20% throughout the equipment's lifecycle compared to traditional intralogistics equipment procurement mode. Furthermore, capitalizing on our extensive service network, as well as broad and diversified customer base, we offer suitable equipment disposal solutions to relevant customers, so that they may conveniently make adjustment to their fleet based on business plan at different stages. By revitalizing the value of used intralogistics equipment that may otherwise remain idle, we also promote our technology capability of effectively identifying and serving market demands.

According to CIC, despite the growing demand for intralogistics equipment lifecycle management 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 lifecycle management solutions in China is expected to reach RMB34.4 billion by 2027, representing a CAGR of 24.6% from 2022 to 2027.

The chart below illustrates the major participants in related industrial chains and the industry ecosystem:



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OUR BUSINESS MODEL

Leveraging our strong technology capability, and inception on unserved and underserved market needs in relation to equipment procurement, maintenance, and management, we invested in developing and improving our intralogistics equipment lifecycle management solutions, covering equipment subscription, repair and maintenance, and disposal. During the Track Record Period, we primarily generated revenue from business segments as follows:

- **Intralogistics Equipment Subscription Services:** We offer intralogistics equipment subscription services that allow customers to subscribe intralogistics equipment in a flexible and tailor-made way, as a result of which, they no longer need to incur significant costs to purchase intralogistics equipment and are able to enjoy optimization of fleet management and operation by using our proprietary tools with advanced technology features. As a result, we have managed to successfully address challenges associated with high purchase costs, high maintenance costs, and evolving demands, enabling customers to achieve light-asset operation.
- **Maintenance and Repair Services:** Customers' demand for maintenance and repair services can vary significantly due to distinctive nature of their business operations and specific warehouse layouts, including fleet size, frequency of use, weight loading and operating routes of intralogistics equipment caused by relevant factors. Capitalizing on our experienced technical team, as well as extensive service network, we offer customers wide array of choices under our maintenance and repair services business segment, where they may enjoy customized plan that can fit into their particular need, including one-off repair services and maintenance and repair service plans.
- **Sales of Intralogistics Equipment and Parts:** Complementing the aforementioned two business segments, our sales of intralogistics equipment and parts business segment allows us to effectively serve customers' diverse needs, while also managing to access first-hand knowledge on evolving market demands for the different equipment and components. This has resulted in enhanced relationships with reputable suppliers, expanded customer subscription channels, and the promotion of cross-selling opportunities for our intralogistics equipment subscription services and repair and maintenance services.

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

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OUR INTELLIGENT ASSET AND OPERATION MANAGEMENT PLATFORM

We have committed resources towards development and utilization of advanced IoT and digital technologies to facilitate the continuous evolution of our intralogistics equipment lifecycle management solutions. We paid particular attention to address challenges associated with our fleet, customer portfolio, and service scenarios, all of which involve large scale, broad geographic coverage, high complexity, and continuous evolution. Our technological capabilities enabled us to achieve comprehensive real-time equipment status supervision, transparent and flexible supply chain and inventory management, and quick and agile dispatch of personnel and equipment.

Our technology platform, namely Intelligent Asset and Operation Management Platform (智慧資產運營管理系統), comprises (i) IoT Smart Terminals, which consist of sensors and smart hardware serving as gateway for the collection and transmission of information on equipment status and usage patterns, which lay the foundation for our efficient business management and customer interaction; (ii) Operating Information Analysis System, which enables centralized management of intralogistics equipment and parts, and integrates, processes and analyzes comprehensive information in relation to our fleet collected through IoT Smart Terminals. This system delivers to us detail equipment information in multiple dimensions as well as analytical diagrams designed to present key operating information of such equipment from multiple dimensions, based on operations which, our management may quickly make business decisions in relation to relevant operation arms on a well-informed basis; and (iii) Information Management and Application, where we integrate information and analytical results developed through IoT Smart Terminals and Operating Information Analysis System, to facilitate proper equipment and technician dispatch, remote control of our equipment, cost-efficient maintenance and repair plans, and customization of services, etc.

Leveraging our technology capability, we managed to ensure highly efficient resource allocation and operation management, without incurring significantly larger labor costs, in spite of our continuous business expansion during the Track Record Period. As of the Latest Practicable Date, our Intelligent Asset and Operation Management Platform (智慧資產運營管理系統) covered over 95.5% of our equipment fleet, allowing quick and smart operation management. For further details, please see our “Business – Our Technology” in this document.

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 lifecycle management solutions in China
- continuous improvement of intralogistics equipment operational efficiency benefited from highly synergistic service portfolio

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- 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
- comprehensive “online + offline” service network for diverse industries and large customer coverage
- visionary management team with profound industry experience

OUR STRATEGIES

To drive our continued growth and achieve our mission, we will 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, with the number of intralogistics equipment managed by us increased from 31,213 units as of December 31, 2020 to 36,257 units as of December 31, 2021, and further increased to 39,145 units as of December 31, 2022, representing a CAGR of 12.0% from 2020 to 2022.
- Our customer base has also grown steadily, with an increase from 7,477 for the year ended December 31, 2020 to 7,929 for the year ended December 31, 2021, and further to 8,170 for the year ended December 31, 2022. In particular, a significant portion of our customer base comprises of manufacturing and logistics enterprises, and we have observed substantial growth in the number of companies from these industries.
- During the Track Record Period, we have experienced a steady growth in the number of KA customers under our intralogistics equipment subscription service business segment. For the years ended December 31, 2020, 2021, and 2022, we had 87, 122, and 123 KA customers, respectively. Additionally, we have maintained a KA customer retention rate of 87%, 99% and 98% for the years ended December 31, 2020, 2021 and 2022, respectively, and net dollar retention rate of KA customers at 98%, 99% and 97% for the years ended December 31, 2020, 2021 and 2022, respectively.

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.

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OUR EQUIPMENT FLEET

As of December 31, 2022, we managed a fleet of 39,145 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, with our equipment numbers increasing from 31,213 units as of December 31, 2020 to 36,257 units as of December 31, 2021, and further rising to 39,145 units as of December 31, 2022. During the Track Record Period, our intralogistics equipment had maintained a consistent level of utilization, with rates at 78.9%, 78.5%, and 73.1% for 2020, 2021, and 2022, respectively. Such relatively stable utilization reflects our dedication to efficient equipment management, prioritizing timely customer response.

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 CO₂ 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.

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.

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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 should defer to Mr. Hou’s view and decision should there be different views between them 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 30.11% 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,					
	2020		2021		2022	
	<i>RMB’000</i>	<i>% of Revenue</i>	<i>RMB’000</i>	<i>% of Revenue</i>	<i>RMB’000</i>	<i>% of Revenue</i>
Revenue	980,643	100.0	1,172,182	100.0	1,194,209	100.0
Cost of sales	(650,463)	(66.3)	(798,015)	(68.1)	(832,545)	(69.7)
Gross profit	330,180	33.7	374,167	31.9	361,664	30.3
Other income and gains	4,853	0.5	4,022	0.3	6,276	0.5
Selling and distribution expenses	(72,270)	(7.4)	(84,018)	(7.2)	(86,072)	(7.2)
Administrative expenses	(120,746)	(12.3)	(143,199)	(12.2)	(156,858)	(13.1)
Impairment loss on financial assets	(6,808)	(0.7)	(4,498)	(0.4)	(4,178)	(0.3)

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	Year ended December 31,					
	2020		2021		2022	
	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>	<i>RMB'000</i>	<i>% of Revenue</i>
Other expenses	(197)	–*	(262)	–*	(2,750)	(0.2)
Finance costs	(73,604)	(7.5)	(81,838)	(7.0)	(83,609)	(7.0)
Share of profits/(losses) of associates	(228)	–*	(4,929)	(0.4)	948	0.1
Profit before tax	61,180	6.2	59,445	5.1	35,421	3.0
Income tax expenses	(6,970)	(0.7)	(4,267)	(0.4)	(20)	–*
Profit and total comprehensive income for the year	54,210	5.5	55,178	4.7	35,401	3.0
Attributable to: Owners of the Company	54,210	5.5	55,178	4.7	35,401	3.0

Note:

* Less than 0.1%.

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,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	1,674,443	1,889,224	2,026,436
Total current assets	500,649	669,909	636,054
Total current liabilities	(801,919)	(818,594)	(903,435)
Net current liabilities	(301,270)	(148,685)	(267,381)
Total non-current liabilities	(689,612)	(876,479)	(859,594)
Net assets	683,561	864,060	899,461
Share capital	80,484	83,972	83,972
Reserves	603,077	780,088	815,489
Total equity	683,561	864,060	899,461

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We recorded net current liabilities as of December 31, 2020, 2021, and 2022, as well as March 31, 2023, due to our substantial investments in capital expenditures, including property, plant, equipment, and right-of-use assets, such as intralogistics equipment, in line with our business development strategy. These investments, while critical to our long-term success, were classified as non-current assets, leading to a net current liability position. However, 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. 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,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows generated from operating activities	451,583	527,631	522,192
Net cash flows used in investing activities	(157,637)	(285,358)	(226,168)
Net cash flows used in financing activities	(328,375)	(137,722)	(363,548)
Cash and cash equivalents at end of the year	83,611	188,162	120,638

KEY FINANCIAL RATIOS

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

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

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.

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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, revenue generated from our five largest customers amounted to RMB166.3 million, RMB184.7 million and RMB166.2 million, respectively, representing 17.0%, 15.8% and 13.9% of our total revenue, respectively. For the years ended December 31, 2020, 2021 and 2022, revenue generated from our largest customer amounted to RMB60.2 million, RMB75.8 million and RMB69.2 million, respectively, representing 6.1%, 6.5% and 5.8% 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 intralogistic equipment and parts. Our suppliers primarily consisted of intralogistics equipment and parts manufacturers. For the years ended December 31, 2020, 2021 and 2022, procurement from our five largest suppliers amounted to RMB395.0 million, RMB420.0 million and RMB379.5 million respectively, representing 50.7%, 49.0% and 46.7% of our total purchases, respectively; and procurement from our largest supplier amounted to RMB161.4 million, RMB151.5 million and RMB179.8 million respectively, representing 20.7%, 17.7% and 22.1% 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 lifecycle management 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 lifecycle management solution provider in China, with total revenue from intralogistics equipment lifecycle management solutions of RMB0.9 billion in 2022, accounting for 7.7% of the total market. The intralogistics equipment lifecycle management 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 lifecycle management solutions in China is expected to reach RMB34.4 billion by 2027, representing a CAGR of 24.6% from 2022 to 2027.

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

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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 – Employees" 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. 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.

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, our revenue generated from transactions related to Iran was approximately RMB3.8 million, RMB7.2 million, and RMB6.9 million, respectively, representing approximately 0.4%, 0.6% and 0.6% of our total revenue for the same periods, respectively.

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

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

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

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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, the Company 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 62 distinct transactions to 12 distinct Iran customers with delivery dates between December 19, 2019 and November 19, 2022, in which the Company received approximately USD1.5 million in payments denominated in USD to the Company's 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 the Company received approximately USD15,000 in payments denominated in USD to the Company's 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 plan to submit a full VSD report regarding these transactions to OFAC.

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 USD735,000, 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 USD735,000 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 the Company arising from the Iran USD Sales and Syria USD Sales.

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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] 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) significant fluctuations in the price for our intralogistics equipment subscription services may adversely affect our business, results of operations, financial condition, and prospects; (iv) our historical results may not be indicative of our future prospects and results of operations; (v) the approval of, or filing with, CSRC or other regulatory authorities may be required in connection with the [REDACTED] and future [REDACTED] activities, and we cannot predict whether we will be able to obtain all necessary approval or complete such filing; and (vi) adverse changes in the economic, political and social conditions, as well as policies of the PRC government, could have a material adverse effect on our business and prospects.

SUMMARY

RECENT DEVELOPMENTS

Equipment Management

As of the Latest Practicable Date, we managed over 41,800 units of intralogistics equipment.

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 December 31, 2022, 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]

SUMMARY

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED]	Based on the [REDACTED] of HK\$[REDACTED]
[REDACTED] of our Shares (<i>approximation</i>) ⁽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 [REDACTED] 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.

SUMMARY

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED]), at the [REDACTED] of HK\$[REDACTED] per Share, and assuming the [REDACTED] is not exercised. As of December 31, 2022, we incurred nil [REDACTED]. We estimate that additional [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million) (including [REDACTED] of approximately RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]) will be incurred by our Company, approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] million (HK\$[REDACTED] million) of which is expected to be capitalized. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.